COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2017

City of Sachse, Texas

As Prepared by
The Finance Department

" Sachse is a tranquil community welcoming the future while offering a safe and enjoyable quality of life to all those who call Sachse home."

City of
Sachse

City of Sachse, Texas

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INTRODUCTORY SECTION

City of
Sachse

February 19, 2018

Honorable Mayor, City Council and Citizens of Sachse

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the City of Sachse, Texas, for the fiscal year ended September 30, 2017. The CAFR is provided to give detailed information about the financial position and activities of the City to the citizens, City Council, staff, and other readers.

Management assumes full responsibility for the completeness and reliability of information contained in this report, based upon a comprehensive framework of internal controls that is established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

LaFollett and Abbott PLLC has issued an Unmodified ("clean") opinion on the City of Sachse's financial statements for the year ended September 30, 2017. The independent auditors' report is located at the beginning of the financial section of the CAFR.

This letter of transmittal is designed to complement Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements.

PROFILE OF THE GOVERNMENT

The City of Sachse, incorporated in 1956, is located in Dallas County and Collin County, Texas, 20 miles northeast of downtown Dallas, on State Highway 78 and currently occupies a land area of 9.8 square miles. The City's population is 24,777, according to the 2017 North Central Texas Council of Governments estimate.

The City Council is comprised of a Mayor and six council members, and is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing the members of various statutory and advisory boards, the City Manager, City Attorney, City Secretary, and Municipal Judge. The City Manager is the chief administrative officer of the government and is responsible for the enforcement of laws and ordinances, the appointment and supervision of the department heads, and the performance of functions within the municipal organization.

The City of Sachse provides a full range of services including police, fire, emergency ambulance service, library, parks, recreation, sewer, engineering, streets and infrastructure, community development (planning and zoning), and general administrative services.

The financial reporting entity (the government) includes all funds of the primary government (i.e., the City of Sachse, as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are legally separate entities and not part of the primary government's operations. The Sachse Economic Development Corporation (SEDC) is included in the financial statements as a discretely presented component unit.

The annual budget serves as the foundation for Sachse's financial planning and control. Annual budgets are legally adopted for the General Fund, Utility Fund, and Debt Service Fund. Each year the City Manager is required to submit to the City Council a proposed budget for the fiscal year, which runs from October 1 through September 30. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayers' comments. Prior to October 1, the budget is legally enacted by the City Council through passage of an ordinance, setting the limit for expenditures during the fiscal year. Expenditures in the adopted budget are appropriated by department and may be amended during the year. The City Manager is authorized to adjust budgeted amounts; however, such revisions may not result in total expenditures exceeding budgeted expenditures without approval of the City Council.

Throughout the year, monthly reports are provided to the individual departments to review and compare actual versus budgeted amounts, and summary budget reports are presented to the City Council. The Finance Department also reviews operating revenues and expenditures, recommending adjustments, as needed. On a quarterly basis, the Finance Department submits more detailed financial reports to the City Council.

Formal budgetary integration is not employed for the President George Bush Turnpike (PGBT) Tax Increment Financing Zone Fund (TIF) special revenue fund, Proprietary Fund, Capital Projects Fund, or Sachse Economic Development Corporation. However, the City does adopt an annual budget for those funds for managerial control.

LOCAL ECONOMY

The City of Sachse continues to enjoy a stable economic environment, and local indicators point to continued stability as part of the Dallas/Fort Worth Metroplex area. The close proximity to major transportation networks in the North Dallas regional area enhances residential and commercial development in the City of Sachse. State Highway 78 connects Sachse to the President George Bush Turnpike, the North/South Central Expressway and the North/South Dallas Toll Road. The City is in close proximity to the Dallas Area Rapid Transportation System (DART) which includes both train and bus stations. The total transportation network gives current and future residents easy access to major industrial, commercial, and business developments in North Dallas. While Sachse is well-suited for residential development, it is anticipated that commercial development in the City will continue to increase with the eastern expansion of the George Bush Turnpike (Highway 190) to IH 30, which was completed in December 2011. In planning for this expansion, the City of Sachse put in place a Tax Increment Financing Zone (TIF). The TIF Zone contains approximately 540 acres for future commercial development.

Property Values – Assessed property values increased $285,310,722 (15%) from the preceding year with $103,038,639 in new property and an $182,272,083 increase in the value of existing property. During the last five years, assessed taxable property values have increased 76% (from $1,225,275,258 in 2012 to $2,158,595,689 in 2017) and property taxes have accounted for 58% of the General Fund revenue. With a well-educated populace and average household income of $116,000, Sachse enjoys an exceptionally high property tax collection rate.

Long-Term Strategic Planning – Long-term vision and strategic planning have been the catalyst for the City's transformation and shaping Sachse into a friendly, vibrant community offering a safe and enjoyable quality of life to all who call Sachse home. The City's annual budget process involves incorporating the goals and strategies identified by the City Council. Individual departments develop their goals and objectives in terms of these all-encompassing organizational goals. Priorities during the 2016-2017 fiscal year were:

- Transportation – Improve mobility through the City
- Infrastructure – Systematically invest in public infrastructure
- Facilities – Analyze and plan for future facility needs beyond current construction
- Fiscally Sound – Negotiate strongly on all agreements
- Economic Development – Provide economic investment that increases employment opportunity, the tax base, and provides desired goods and services for residents and contributes to the community character and identify
- Public Safety and Security – Enhance neighborhood livability and safety
- Planning – Proactively work to keep various plans reviewed and updated
- Open Government – Increase public awareness using multiple communication sources
- Arts, Culture and Recreation –Enhance and communicate Sachse's activities to the community

Strategic Financial Plan – An appropriate financial plan for the City of Sachse requires many elements working in concert with one another. Additional demands for "essential" City services such as police, fire, sewer, drainage, and street improvements are anticipated. The Finance Department's management role will be to maintain and enhance financial plan elements and ensure the continued financial stability for the City of Sachse.

Financial Resource Planning – Strategic planning begins with determining the City's fiscal capacity based upon long-term financial forecasts of recurring available revenues. Financial forecasts, coupled with financial trend analysis techniques and careful reserve analysis, will preserve the fiscal well-being of Sachse. Strategic planning is a critical element, not only to meet long-term financial stability goals, but to determine City Council objectives that will require special financial planning to achieve success.

Capital Improvement Planning – The City of Sachse's Capital Improvement Program is a multi-year financial plan for the acquisition, expansion, or rehabilitation of infrastructure, capital assets, or productive capacity of City services. The City's operating and capital project budgets are closely linked.

Revenues for the capital budget come from bond sales, development fees, intergovernmental revenues, and current operating revenues. The Capital Improvement Program, unlike the operating budget, is a five-year plan that is reviewed and projects are reprioritized, as needed. Project budgets are used as a guide for projects, debt, and other related budget planning. Plans for future years are subject to change.

Debt Management – All debt issuances are for the purpose of financing capital infrastructure or long-lived costly assets. Each debt issuance is evaluated against multiple policies addressing: debt service as a percentage of operating expenditures, tax and revenue basis for the repayment of debt, the overall debt burden on the community, statutory limitations, and market factors affecting tax-exempt interest costs. Sizing of the City's capital improvement program based on debt capacity in conjunction with conservatively estimated pay-as-you-go revenues help stabilize per capita debt and lower annual debt service costs to the City for the long-term.

FISCAL YEAR 2017 HIGHLIGHTS

The citizens of Sachse voted for General Obligation (GO) Bonds in the amount of $37,925,000 for facilities, parks, and transportation in November 2006. The GO Bond program is currently in progress. Construction on the Municipal Complex and the Salmon Park Improvement project have been completed, as well as numerous transportation projects throughout the City. Transportation projects remaining to be funded by the 2006 Bond Funds include the widening of Sachse Road, from 5th Street to Miles Road, and the widening of 5th Street, from Highway 78 to Sachse Road. Design of this project is complete and construction is expected to begin in fiscal year 2018. During fiscal year 2016-2017, street lighting along 5th Street and DeWitt Road, from Highway 78 to Ranch Road, and along Highway 78, from Bunker Hill to Ranch Road, was installed utilizing funds from the 2006 Bond program.

In June 2017, the City issued $13 million in Certificates of Obligation, with debt service to be fully repaid from the Utility Fund. Proceeds will be used to fund approximately half of the construction cost for an elevated storage tank and fully fund completion of the Southeast Sewer expansion project. The Southeast Sewer expansion is made up of multiple projects to be completed in phases. Phase 1 includes gravity and force mains along the President George Bush Turnpike; this will provide immediate ability to provide sewer service to the commercial properties along the toll road. Phase 2 will be the installation of a large sewer lift station that will service that section of the City with capacity to handle additional volume from the Muddy Creek sewer line, which will be constructed in Phase 3 of the project.

Impact fees were updated in November 2012 following completion of the City's updated 10-year Capital Improvement Plan, which included the Master Thoroughfare Plan, Water Master Plan, and Sanitary Sewer Master Plan. Funds from Roadway Impact Fees have been allocated toward the future widening of Maxwell Creek Road north to the city limits. A site has been selected and design completed for a future 1.25 million gallon elevated storage tank. Acquisition of the land and design of the tank was funded with water impact fees, with construction funded by Utility revenues and 2017 Certificates of Obligation. Construction is scheduled to begin in FY2018.

Construction was completed on three separate projects collectively known as the Third Sewer Connection to Garland. The project included an aerial crossing over Rowlett Creek, construction of a 24-inch sewer line from the aerial crossing to north of the President George Bush Turnpike, and construction of an 8-inch trunk line to Pleasant Valley Road. This project is funded through a grant from the Sachse Economic Development Corporation (SEDC), a loan from the SEDC to be repaid with Tax Increment Funds, and additional funding from a property owner to be served by the new line. This project will make the properties at the west end of the PGBT corridor sewer ready.

In May 2013, voters approved a ¼ cent sales tax designated for maintenance of existing streets. This tax requires re-approval by the voters every four years, and the tax was overwhelmingly approved for an additional four years in May 2017. Asphalt paving repairs on Hooper Road, Natchez Drive, Cornwall Lane, and Jefferson Drive were completed during the year utilizing Street Maintenance Tax funds. The tax is generating approximately $350,000 per year.

Contracts were finalized in September 2015 for purchase of new digital radios and construction of associated infrastructure. The final cost of this federally mandated communications upgrade will be just under $950,000. - $450,000 from the General Fund Balance was set aside in FY2014, $300,000 in General Fund Revenues were set aside in FY2015, and a final $200,000 was included in the FY2016 budget. Construction was substantially completed as of September 30, 2017 and the project is in the final testing phase.

In March 2016, City Council approved funding to update the City's Comprehensive Plan. The previous Plan was adopted in 2001, prior to much of Sachse's growth and the completion of the eastern extension of the President George Bush Turnpike. Public engagement was crucial, and during the summer months, numerous stakeholder meetings and social media surveys were conducted. The final plan was approved by the City Council in March 2017 and identified three catalytic development areas: the President George Bush Turnpike, SH 78/Ranch Road industrial Tract and Old Town. These catalytic areas are the substantial remaining developable sites in Sachse and serve as the key opportunities for creating a sustainable economic future for Sachse. Many of the recommendations outlined in the Comprehensive Plan have already been implemented since the adoption of the plan.

A consultant was engaged during FY2016 to conduct a stormwater drainage study. The scope of the study included identifying and prioritizing drainage projects throughout the City, as well as the feasibility of establishing a stormwater drainage fund to finance those projects. Establishment of a stormwater drainage fund was approved in October 2017, with implementation scheduled to occur in the second quarter of FY2017-2018.

AWARDS AND ACKNOWLEDGEMENTS

Awards – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sachse for its CAFR for the fiscal year ended September 30, 2016. This was the eighteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City's 2016-2017 Fiscal Year Budget received the GFOA Distinguished Budget Presentation Award. This was the fifth consecutive year the City's Budget has been so recognized. The 2017-2018 Fiscal Year Budget has also been submitted for consideration.

Acknowledgements – Many people are responsible for the preparation of this report, and for the maintenance of records upon which it is based. Appreciation is expressed to representatives of LaFollett and Abbott PLLC for their invaluable assistance in producing the final document and to the Finance team who were instrumental in the completion of this report.

We would also like to thank the Mayor, City Council, the City Manager, and City of Sachse staff for their assistance, interest, and support in the preparation of this document as well as their support of conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Gina Nash
City Manager

Teresa C. Savage, CGFO
Finance Director

Berna Fitzpatrick-Walker, CGFO
Finance Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sachse

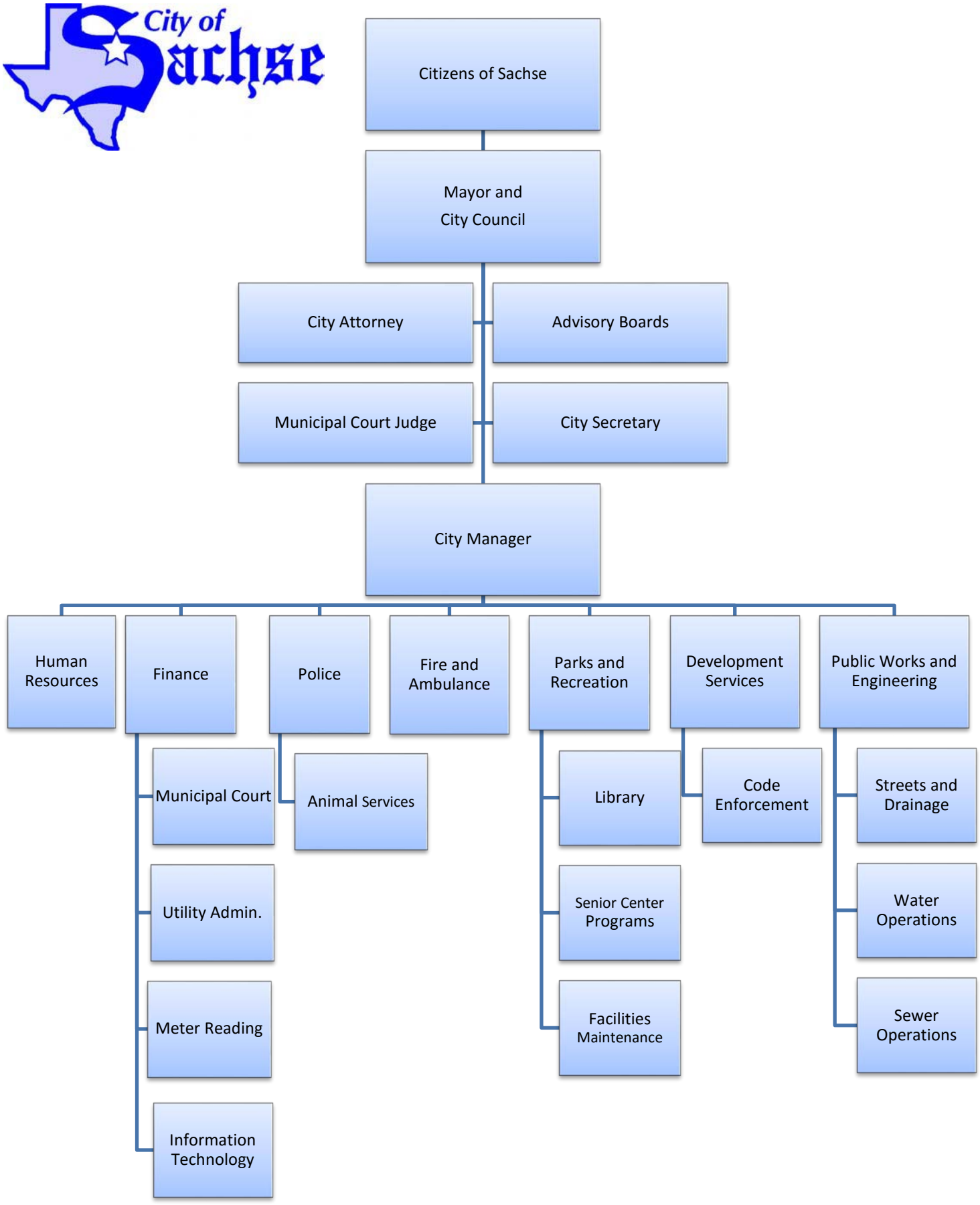
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morrill

Executive Director/CEO


City of Sachse
Citizens of Sachse
Mayor and City Council
City Attorney
Advisory Boards
Municipal Court Judge
City Secretary
City Manager
Human Resources
Finance
Police
Fire and Ambulance
Parks and Recreation
Development Services
Public Works and Engineering
Municipal Court
Utility Admin.
Meter Reading
Information Technology
Animal Services
Library
Senior Center Programs
Facilities Maintenance
Code Enforcement
Streets and Drainage
Water Operations
Sewer Operations

CITY OF SACHSE, TEXAS

CITY OFFICIALS

Council Members

Mayor	Mike Felix
Council Member	Charlie Ross
Council Member	Jeff Bickerstaff
Council Member	Brett Franks
Mayor Pro Tem	Paul Watkins
Council Member	Cullen King
Council Member	Bill Adams

Management Staff

City Manager	Gina Nash
City Secretary	Michelle Lewis-Sirianni
Director of Finance	Teresa Savage
Director of Development Services	Dusty McAfee
Director of Public Works and Engineering	Greg Peters
Economic Development Corporation CEO	Leslyn Blake
Fire Chief	Marty Wade
Director of Human Resources	Melinda Walter
Director of Parks and Recreation/Library	Lance Whitworth
Police Chief	Bryan Sylvester

FINANCIAL SECTION

City of
Sachse

LaFollett and Abbott PLLC
Certified Public Accountants

Susan LaFollett, CPA – Partner
Rod Abbott, CPA – Partner

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Sachse, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sachse, Texas (the City), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sachse, Texas, as of September 30, 2017, and the respective changes in financial position, and where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17-27, the budgetary comparison information on pages 84-85, the Schedule of Changes in Net Pension Liability and Related Ratios – TMRS on page 87, and the Schedule of Contributions to Pension Plan – TMRS on page 88 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section on pages 1-8, individual fund financial statements and schedules on pages 86 and 90-96, and the statistical section on pages 98-127 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion on them or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Sachse, Texas internal control over financial reporting and compliance.

LaFollett and Abbott PLLC
Tom Bean, Texas
February 19, 2018

City of
Sachse

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of
Sachse

City of Sachse, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2017

As management of the City of Sachse, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report.

Financial Highlights

- The City's total net position at September 30, 2017 is $98,135,450. Of this amount, $16,052,851 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- The City's total net position increased by $5,436,369. The majority of the City's net position are invested in capital assets and restricted for specific purposes.

- The City's governmental funds reported combined ending fund balances of $20,523,322 at September 30, 2017, an increase of $934,885 from the prior fiscal year; this includes a decrease of $1,058,867 in the Debt Service Fund, an increase of $419,108 in the Capital Projects Fund, an increase of $299,819 in the Impact Fees Fund, an increase of $72,382 in the PGBT Reinvestment Fund, and an increase of $936,848 in the General Fund.

- At the end of the fiscal year, unassigned fund balance for the General Fund is $8,829,452 or 59% of total General Fund expenditures.

- The City's total debt showed a net increase of $10,235,000. The total governmental bonds and tax notes payable at the close of the fiscal year was $34,540,000. Self-supporting debt of the proprietary fund was $13,290,000.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The net of these balances is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, and community development. The business-type activities of the City include water and sewer operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Sachse Economic Development Corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The George Bush Turnpike Reinvestment Zone, although also legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Capital Projects Fund, the Impact Fees Fund, PGBT Reinvestment Zone Tax Increment Fund, which are considered to be major funds. The City's Special Revenue Fund and the Street Maintenance Fund are considered nonmajor for reporting purposes.

The City adopts an annual appropriated budget for its General Fund, Debt Service Fund, Impact Fees Fund, Street Maintenance, and Special Revenue Fund. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the budget.

Proprietary Funds

The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer operations. All activities associated with providing such services are accounted for in this fund, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for health insurance.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund since it is considered a major fund of the City.

Component Units

The City maintains the accounting and financial statements for two component units. The Sachse Economic Development Corporation is reported as a discrete component unit on the government-wide financial statements. The George Bush Turnpike Reinvestment Zone is reported as a blended component unit and is a major fund.

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees and budgetary comparison for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Sachse, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by $98,135,450 as of September 30, 2017 in the primary government.

The largest portion of the City's net position, $55,638,536, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

City of Sachse's Net Position

	2017			2016		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	$ 23,129,679	$ 23,857,074	$ 46,986,753	$ 22,304,176	$ 8,695,998	$ 31,000,174
Capital assets, net	84,865,699	21,536,997	106,402,696	84,293,091	21,636,605	105,929,696
Total Assets	107,995,378	45,394,071	153,389,449	106,597,267	30,332,603	136,929,870
Total Deferred Outflows	5,084,636	227,501	5,312,137	4,729,074	190,421	4,919,495
Other liabilities	3,972,115	1,769,580	5,741,695	4,135,528	1,561,090	5,696,618
Long-term liabilities outstanding	40,629,674	13,820,019	54,449,693	42,412,931	999,638	43,412,569
Total Liabilities	44,601,789	15,589,599	60,191,388	46,548,459	2,560,728	49,109,187
Total Deferred Inflows	348,516	26,232	374,748	38,220	2,877	41,097
Net Position:						
Net investment in capital assets	47,887,182	7,751,354	55,638,536	52,071,872	20,509,338	72,581,210
Restricted	13,205,846	13,238,217	26,444,063	8,618,633	-	8,618,633
Unrestricted	7,036,681	9,016,170	16,052,851	4,049,157	7,450,081	11,499,238
Total Net Position	$ 68,129,709	$ 30,005,741	$ 98,135,450	$ 64,739,662	$ 27,959,419	$ 92,699,081

Statement of Activities:

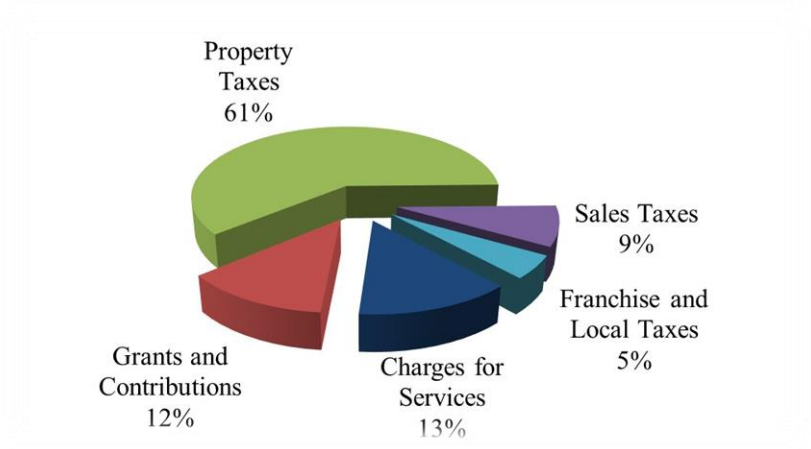
The following table provides a summary of the City's changes in net position:

City of Sachse's Changes in Net Position

	For the Year Ended September 30, 2017			For the Year Ended September 30, 2016		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
REVENUE:						
Program Revenues:						
Charge for services	$ 3,038,659	$ 11,384,202	$ 14,422,861	$ 3,082,579	$ 10,382,099	$ 13,464,678
Operating grants and contributions	20,832	-	20,832	744,975	-	744,975
Capital grants and contributions	2,754,486	1,047,236	3,801,722	4,913,651	2,810,315	7,723,966
General Revenues:						
Property taxes	13,982,042	-	13,982,042	12,296,608	-	12,296,608
Sales tax	1,969,439	-	1,969,439	1,844,639	-	1,844,639
Franchise and local tax	1,124,590	-	1,124,590	1,180,286	-	1,180,286
Investment income	117,382	77,795	195,177	50,842	7,160	58,002
Other revenues	107,470	-	107,470	268,740	-	268,740
Total Revenues	23,114,900	12,509,233	35,624,133	24,382,320	13,199,574	37,581,894
EXPENSES:						
Program Expenses:						
Public safety	9,144,006	-	9,144,006	8,191,197	-	8,191,197
Public works	5,639,697	-	5,639,697	5,056,488	-	5,056,488
General government	2,526,665	-	2,526,665	2,500,102	-	2,500,102
Culture and recreation	1,903,914	-	1,903,914	1,739,147	-	1,739,147
Community development	833,629	-	833,629	900,457	-	900,457
Interest and fiscal charges	1,193,484	-	1,193,484	2,105,723	48,100	2,153,823
Water and sewer	-	8,946,369	8,946,369	-	8,080,758	8,080,758
Total Expenses	21,241,395	8,946,369	30,187,764	20,493,114	8,128,858	28,621,972
Change in Net Position Before Transfers	1,873,505	3,562,864	5,436,369	3,889,206	5,070,716	8,959,922
Transfers	1,516,542	(1,516,542)	-	146,505	(146,505)	-
Total	3,390,047	2,046,322	5,436,369	4,035,711	4,924,211	8,959,922
Change in Net Position	3,390,047	2,046,322	5,436,369	4,035,711	4,924,211	8,959,922
Beginning Net Position	64,739,662	27,959,419	92,699,081	60,703,951	23,035,208	83,739,159
Ending Net Position	$ 68,129,709	$ 30,005,741	$ 98,135,450	$ 64,739,662	$ 27,959,419	$ 92,699,081

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities. This graph shows the largest governmental revenue sources of the City:

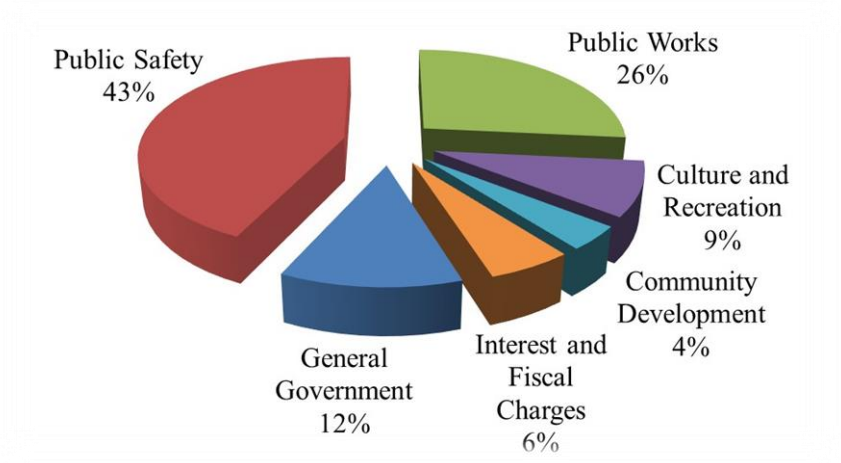
Governmental Activities – Revenues



For the year ended September 30, 2017, revenues from governmental activities totaled $23,114,900. Property tax, charges for services, and grants and contributions are the City's largest general revenue sources. Overall revenue decreased $1,267,420 or 5% due primarily to smaller amounts of capital contributions. There was an increase in property tax and sales tax revenue. Grants and contributions decreased by $2,883,308 related to said contributed capital in prior year. Property tax revenue increased $1,685,434 due to increase property values and a growing tax base. Sales tax increased by $124,800 or 7% due to continued growth within the City. Charges for services decreased by $43,920 primarily from decreased impact fees compared to prior year. All other revenues remained relatively stable when compared to the previous year.

This graph shows the governmental function expenses of the City:

Governmental Activities – Expenses



For the year ended September 30, 2017, expenses for governmental activities totaled $21,241,395. This represents an increase of $748,281 or 4% from the prior year. The City's largest functional expense is public safety of $9,144,006 and demonstrated a 12% increase from prior year. Culture and recreation expenses increased by $164,767 or 9%. Public works increased by $583,209 or 12% due to additional capital projects during the year. All other expenses remained relatively consistent with the previous year.

Business-type activities are shown comparing operating costs to revenues generated by related services.

Business-Type Activities – Revenues and Expenses

For the year ended September 30, 2017, charges for services by business-type activities totaled $11,384,202. This is an increase of $1,002,103, or 10%, from the previous year. This increase directly relates to water usage within the City as well as a price increase that occurred at the beginning of the fiscal year.

Total expenses increased $817,511 to a total of $8,946,369, due primarily to increased purchases from the North Texas Municipal Water District, the City's source of water.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information of near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

At September 30, 2017, the City's governmental funds reported combined fund balances of $20,523,322, an increase of $934,885 in comparison with the prior year. Approximately 35% of this amount, $7,278,013, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, assigned, or restricted* to indicate that it is 1) not in spendable form, $39,463, 2) assigned for vehicle replacement, $293,910, or 3) restricted for particular purposes, $12,911,936.

As of the end of the year the General Fund reflected a total fund balance of $8,868,915. Of this, $39,463 is considered nonspendable and $8,829,452 is unassigned. This increase in fund balance is attributable to increased property and sales taxes and positive budget variances in both revenues and expenditures.

As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The total fund balance of General Fund is 58.7% of total General Fund expenditures. The unassigned (the amount available for spending) fund balance of the General Fund of $8,829,452 is 58.5% of total General Fund expenditures.

The Debt Service Fund had an ending fund balance of $460,734 at September 30, 2017 compared to the previous year's balance of $1,519,601. The decrease was primarily due to transfers to the Capital Projects Fund for construction projects.

The Capital Projects Fund ending fund balance is $4,789,493. During the year, the City expended $2,040,155 on various projects, utilizing funds designated for capital projects.

The Impact Fees Fund is considered a major fund and is used to ensure impact fees assessed for specific capital improvements are properly accounted for. During the year the City received $739,150 in impact fees but did not have any related capital expenditures.

The PGBT Reinvestment Zone is used to track property tax collected for development. During the year the fund received $72,382 in property taxes but did not have any related expenditures.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the Water and Sewer Fund totaled $30,005,741. Unrestricted net position of the enterprise fund at the close of the fiscal year amounted to $9,016,170. Total net position demonstrated an increase of $2,046,322. The fund had a net investment in capital assets of $7,751,354. The City operates and maintains a water and sewer distribution system with force mains and lift stations. The City has six water storage facilities with a total capacity of approximately 6.9 million gallons. The following are additional comments regarding operations of the enterprise fund:

- The City received capital contributions of $1,047,236 consisting of water and sewer infrastructure.
- Operational expenses excluding depreciation and amortization were $7,169,079.

- Cash and cash equivalents in the Water and Sewer Fund were $13,127,060 at fiscal year-end.

An internal service fund was established for the purpose of tracking and allocating expenses for employee health insurance. Revenue consists of budgeted allocations transferred from the General and Water and Sewer Funds. Expenses consist of premiums paid for health, dental, and life insurance, as well as contributions to health savings accounts and deductible reimbursements. The fund had an ending fund balance of $387,111 to be retained for future risk.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budget amendments approved during the fiscal year resulted in a $253,126 decrease in fund balance between the original and final budgets. There was a positive variance of $458,613 over budgeted General Fund revenues. The following are additional comments regarding appropriations:

- There was a total positive variance of $731,604 in budgeted appropriations.
- $1,190,217 is the budget surplus of revenues over expenditures before transfers.
- There was an actual net positive change in fund balance of $936,848.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested $84,865,699 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested $21,536,997 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, park improvements, and infrastructure. The City's total investment in capital assets increased $572,608, net of depreciation.

Major capital asset events during the current year include the following:

- Contribution of assets by a developer.
- Construction of road and sewer projects.

More detailed information about the City's capital assets is presented in note IV. C to the financial statements.

LONG-TERM DEBT

At the end of the current fiscal year, the City had total bonded debt obligations of $46,790,000. Of this amount, $13,290,000 is self-supporting through revenues collected from the rates of the City's utility fund.

All of the City's debt is backed by a full-faith credit pledge of property taxes with a limited pledge of revenues of the enterprise/utility system. The City monitors its debt obligations and callable bonds for refinancing opportunities with market conditions.

More detailed information about the City's long-term liabilities is presented in note IV. D to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2017-2018 Fiscal Year Budget was approved by City Council on September 18, 2017. The tax rate adopted that same day was $.747279 per $100 assessed value, a decrease of 1 cent from the previous year. There was an increase in taxable values of $285 million (15.23%) from the previous year, resulting in an overall increase in budgeted ad valorem taxes of $1,296,224 to be allocated across the General, Debt Service, and PGBT Tax Increment Financing Funds. Overall, budgeted revenue for the General Fund increased by $831,361 to a total of $17,162.431. Budgeted expenditures increased by $1,368,281 and include funding for capital projects utilizing fund balance.

Budgeted revenue in the Utility Fund includes the fourth year of a five year rate plan approved in 2014, an increase of $820,650 (8.1%) over the previous year. Budgeted expenses decreased by $109,316 to a total of $7,866,140, a decrease of 1.4%.

The City's capital budget includes $24,052,877 in new funding for various projects city-wide. Unlike the operating budget, funding for budgeted capital projects does not expire at the end of the fiscal year but continues until the project is complete. By funding source, the amount budgeted includes $965,000 from the General Fund, $3,983,277 from the Utility Fund, $600,000 from Roadway Impact Fees, $422,600 in Street Maintenance Taxes, $5,000,000 from 2017A Certificates of Obligation, $13,000,000 from 2017 Certificates of Obligation (Utility Fund), and $82,000 in Community Development Block Grant (CDBG) funds. Projects included in the funding include the realignment of the intersection of Merritt Road and Sachse Road, construction of an elevated water storage facility, full funding of the southeast sewer facilities, conversion of water metering system to automated metering infrastructure (AMI), scheduled street and utility rehabilitation, and design of a community center.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Department of Finance at 3815-B Sachse Rd., Sachse Texas 75048 or call (972) 495-1212.

City of
Sachse

FINANCIAL STATEMENTS

City of Sachse, Texas

STATEMENT OF NET POSITION

September 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Economic Development Corporation
Assets				
Cash and cash equivalents	$ 14,345,444	$ 4,376,531	$ 18,721,975	$ 700,750
Investments	7,053,745	3,547,069	10,600,814	-
Receivables (net)	914,666	1,993,856	2,908,522	174,609
Internal balances	(542,429)	542,429	-	-
Inventory	-	156,432	156,432	-
Prepaids	1,358,253	2,540	1,360,793	471
Restricted assets:				
Cash and cash equivalents	-	8,750,529	8,750,529	-
Investments	-	4,487,688	4,487,688	-
Advances to other governments	-	-	-	1,009,010
Assets held for sale	-	-	-	2,118,239
Capital assets:				
Non-depreciable	12,569,062	809,864	13,378,926	-
Net depreciable capital assets	72,296,637	20,727,133	93,023,770	-
Total Assets	107,995,378	45,394,071	153,389,449	4,003,079
Deferred Outflows of Resources				
Pension amounts - contributions	828,977	62,396	891,373	-
Pension amounts - investment experience	1,551,657	116,791	1,668,448	-
Deferred charges on bond refunding	2,704,002	48,314	2,752,316	-
Total Deferred Outflows of Resources	$ 5,084,636	$ 227,501	$ 5,312,137	$ -

See Notes to Financial Statements.

City of Sachse, Texas

STATEMENT OF NET POSITION (Continued)

September 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Economic Development Corporation
Liabilities				
Current Liabilities:				
Accounts payable and accrued liabilities	$ 1,061,076	$ 1,076,119	$ 2,137,195	$ 31,040
Accrued interest payable	148,648	105,677	254,325	-
Customer deposits	500	235,879	236,379	-
Long term debt due within one year	2,761,891	351,905	3,113,796	2,421
	3,972,115	1,769,580	5,741,695	33,461
Noncurrent Liabilities:				
Advances from other governments	1,009,010	-	1,009,010	-
Long-term debt due in more than one year	34,832,252	13,459,601	48,291,853	269
Net pension liability	4,788,412	360,418	5,148,830	-
Total Liabilities	44,601,789	15,589,599	60,191,388	33,730
Deferred Inflows of Resources				
Pension amounts - actual experience vs. assumption	323,041	24,315	347,356	-
Pension amounts - changes in assumptions	25,475	1,917	27,392	-
Total Deferred Inflows of Resources	348,516	26,232	374,748	-
Net Position				
Net investment in capital assets	47,887,182	7,751,354	55,638,536	-
Restricted for:				
Capital projects	11,889,010	13,238,217	25,127,227	-
Debt service	460,734	-	460,734	-
Street maintenance	317,993	-	317,993	-
Vehicle replacement	293,910	-	293,910	-
Municipal court	244,199	-	244,199	-
Economic development	-	-	-	3,969,349
Unrestricted	7,036,681	9,016,170	16,052,851	-
Total Net Position	$ 68,129,709	$ 30,005,741	$ 98,135,450	$ 3,969,349

See Notes to Financial Statements.

City of Sachse, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public safety	$ 9,144,006	$ 845,462	$ -	$ 17,625
Public works	5,639,697	739,151	-	2,736,861
General government	2,526,665	-	-	-
Culture and recreation	1,903,914	264,852	20,832	-
Community development	833,629	1,189,194	-	-
Interest on long-term debt	1,193,484	-	-	-
Total Governmental Activities	21,241,395	3,038,659	20,832	2,754,486
Business-Type Activities				
Water	5,367,821	6,883,419	-	800,129
Sewer	3,578,548	4,500,783	-	247,107
Total Business-Type Activities	8,946,369	11,384,202	-	1,047,236
Total Primary Government	$ 30,187,764	$ 14,422,861	$ 20,832	$ 3,801,722
Component Unit:				
Economic Development Corporation	453,939	-	-	-
Total Component Unit	$ 453,939	$ -	$ -	$ -

General Revenues:	
Property taxes	
Sales and use taxes	
Franchise and local taxes	
Investment income	
Other revenues	
Transfers in (out)	
Total General Revenues and Transfers	
Change in Net Position	
Net Position - Beginning	
Net Position - Ending	

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Economic Development Corporation
$ (8,280,919)		$ (8,280,919)	
(2,163,685)		(2,163,685)	
(2,526,665)		(2,526,665)	
(1,618,230)		(1,618,230)	
355,565		355,565	
(1,193,484)		(1,193,484)	
(15,427,418)		(15,427,418)	
-	$ 2,315,727	2,315,727	
-	1,169,342	1,169,342	
-	3,485,069	3,485,069	
(15,427,418)	3,485,069	(11,942,349)	
			$ (453,939)
			(453,939)
13,982,042	-	13,982,042	-
1,969,439	-	1,969,439	789,292
1,124,590	-	1,124,590	-
117,382	77,795	195,177	3,562
107,470	-	107,470	502,845
1,516,542	(1,516,542)	-	-
18,817,465	(1,438,747)	17,378,718	1,295,699
3,390,047	2,046,322	5,436,369	841,760
64,739,662	27,959,419	92,699,081	3,127,589
$ 68,129,709	$ 30,005,741	$ 98,135,450	$ 3,969,349

City of Sachse, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2017

	General	Debt Service	Capital Projects	Impact Fees
Assets				
Cash and cash equivalents	$ 4,918,581	$ 460,734	$ 3,694,606	$ 3,560,244
Investments	4,037,961	-	-	3,015,784
Receivables, net	794,044	28,009	-	-
Prepaids	39,463	-	1,318,790	-
Total Assets	9,790,049	488,743	5,013,396	6,576,028
Liabilities				
Accounts payable and accrued liabilities	799,983	-	223,903	-
Customer deposits	500	-	-	-
Advances from other funds	-	-	-	-
Advances from other governments	-	-	-	-
Total Liabilities	800,483	-	223,903	-
Deferred Inflows of Resources				
Unavailable revenues-property taxes	83,682	28,009	-	-
Unavailable revenues-ambulance	30,487	-	-	-
Unavailable revenues-court	6,482	-	-	-
Total Deferred Inflows of Resources	120,651	28,009	-	-
Fund Balances				
Nonspendable for:				
Prepaids	39,463	-	-	-
Restricted for:				
Debt service	-	460,734	-	-
Capital projects	-	-	4,495,583	6,576,028
Street maintenance	-	-	-	-
Municipal court	-	-	-	-
Assigned for:				
Vehicle replacement	-	-	293,910	-
Unassigned	8,829,452	-	-	-
Total Fund Balances	8,868,915	460,734	4,789,493	6,576,028
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 9,790,049	$ 488,743	$ 5,013,396	$ 6,576,028

See Notes to Financial Statements.

PGBT Reinvestment Zone	Nonmajor Street Maintenance	Nonmajor Special Revenue	Total Governmental Funds
$ -	$ 230,658	$ 1,090,805	$ 13,955,628
-	-	-	7,053,745
-	87,335	5,278	914,666
-	-	-	1,358,253
-	317,993	1,096,083	23,282,292
-	-	34,485	1,058,371
-	-	-	500
542,429	-	-	542,429
1,009,010	-	-	1,009,010
1,551,439	-	34,485	2,610,310
-	-	-	111,691
-	-	-	30,487
-	-	-	6,482
-	-	-	148,660
-	-	-	39,463
-	-	-	460,734
-	-	817,399	11,889,010
-	317,993		317,993
-	-	244,199	244,199
-	-	-	293,910
(1,551,439)	-	-	7,278,013
(1,551,439)	317,993	1,061,598	20,523,322
$ -	$ 317,993	$ 1,096,083	$ 23,282,292

City of
Sachse

City of Sachse, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
September 30, 2017

Fund Balances - Total Governmental Funds	$ 20,523,322
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	
Capital assets - non-depreciable	12,569,062
Capital assets - net depreciable	72,296,637
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	
Property tax receivables	111,691
Ambulance receivables	30,487
Fines receivable	6,482
Deferred outflows (inflows) of resources represent a consumption (source) of net position that applies to a future period(s) and are not recognized as an outflow (inflow) of resources (expense/expenditure) until then.	
Pension contributions	828,977
Pension investment earnings	1,551,657
Deferred charges on bond refunding	2,704,002
Pension actual vs experience assumptions	(323,041)
Pension changes in assumptions	(25,475)
The Internal Service Fund is used by management to charge the cost of insurance to individual departments and funds. The assets and liabilities of the Internal Service Fund is included in governmental activities in the Statement of Net Position.	387,111
Some liabilities, including interest, bonds payable, and net pension liabilities, are not reported as liabilities in the governmental funds.	
Accrued interest	(148,648)
Bond premium	(2,442,237)
Bond discount	3,720
Non-current liabilities due in one year	(2,761,891)
Non-current liabilities due in more than one year	(32,393,735)
Net pension liability	(4,788,412)
Net Position of Governmental Activities - Statement of Net Position	$ 68,129,709

See Notes to Financial Statements.

City of Sachse, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2017

	General	Debt Service	Capital Projects	Impact Fees
Revenues				
Property taxes	$ 10,343,536	$ 3,618,918	$ -	$ -
Sales and use taxes	1,574,656	-	-	-
License, permits, and fees	1,577,781	-	-	-
Franchise and local taxes	1,124,590	-	-	-
Impact and development fees	-	-	-	739,150
Intergovernmental	283,126	-	-	-
Fines and forfeitures	240,310	-	-	-
Investment income	65,833	2,764	13,117	32,324
Other revenue	59,615	33,181	-	-
Grants and donations	-	-	-	-
Total Revenues	15,269,447	3,654,863	13,117	771,474
Expenditures				
Current operating:				
Public safety	8,280,433	-	-	-
General government	1,314,343	-	94,648	-
Public works	2,322,369	-	-	-
Culture and recreation	1,562,405	-	2,314	-
Community development	828,351	-	-	-
Nondepartmental	669,168	-	-	-
Debt Service:				
Principal retirement	-	2,325,000	-	-
Interest and fiscal charges	-	1,186,303	-	-
Capital outlay	114,683	-	1,943,193	-
Total Expenditures	15,091,752	3,511,303	2,040,155	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	177,695	143,560	(2,027,038)	771,474
Other Financing Sources (Uses)				
Transfers in	1,516,542	-	2,431,471	-
Transfers (out)	(757,389)	(1,202,427)	-	(471,655)
Sale of general capital assets	-	-	14,675	-
Total Other Financing Sources (Uses)	759,153	(1,202,427)	2,446,146	(471,655)
Net Change in Fund Balances	936,848	(1,058,867)	419,108	299,819
Fund Balances - October 1	7,932,067	1,519,601	4,370,385	6,276,209
Fund Balances - September 30	$ 8,868,915	$ 460,734	$ 4,789,493	$ 6,576,028

See Notes to Financial Statements.

PGBT Reinvestment Zone	Nonmajor Street Maintenance	Nonmajor Special Revenue	Total Governmental Funds
$ 72,382	$ -	$ -	$ 14,034,836
-	394,783	-	1,969,439
-	-	21,212	1,598,993
-	-	-	1,124,590
-	-	144,100	883,250
-	-	-	283,126
-	-	12,304	252,614
-	449	2,741	117,228
-	-	-	92,796
-	-	38,457	38,457
72,382	395,232	218,814	20,395,329
-	-	13,395	8,293,828
-	-	16,259	1,425,250
-	303,797	-	2,626,166
-	-	-	1,564,719
-	-	-	828,351
-	-	-	669,168
-	-	-	2,325,000
-	-	-	1,186,303
-	-	15,000	2,072,876
-	303,797	44,654	20,991,661
72,382	91,435	174,160	(596,332)
-	-	-	3,948,013
-	-	-	(2,431,471)
-	-	-	14,675
-	-	-	1,531,217
72,382	91,435	174,160	934,885
(1,623,821)	226,558	887,438	19,588,437
$ (1,551,439)	$ 317,993	$ 1,061,598	$ 20,523,322

City of
Sachse

City of Sachse, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2017

Net Change in Fund Balances - Total Governmental Funds	$	934,885
Amounts reported for governmental activities in the Statement of Activities are different due to the following:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays		2,072,876
Depreciation expense		(4,237,868)
The effects of capital assets contributed to the City during the year.		2,736,861
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(32,119)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences		(61,003)
Accrued interest		4,490
Pension expense		(453,187)
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, the amounts are deferred and amortized in the Statement of Activities. The following amounts are the net effect of these differences in the treatment of long-term debt and related items:		
Net changes in deferred charges on refunding		(182,933)
Amortization of debt discount		(1,109)
Net changes in bonds payable		2,325,000
Amortization of debt premium		172,371
The Internal Service Fund is used by management to charge the cost of health insurance to individual funds. The net revenue of certain activities of the Internal Service Fund is reported with governmental activities in the Statement of Activities.		111,783
Change in Net Position of Governmental Activities - Statement of Activities	$	3,390,047

See Notes to Financial Statements.

City of Sachse, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2017

	Business-type Activities	Governmental Activities
	Water & Sewer Fund	Internal Service Fund
Assets		
Current Assets:		
Cash and cash equivalents	$ 4,376,531	$ 389,816
Investments	3,547,069	-
Restricted:		
Cash - customer deposits	235,879	-
Cash - bond proceeds	8,514,650	-
Investments - bond proceeds	4,487,688	-
Receivables, net	1,993,856	-
Inventory	156,432	-
Prepaids	2,540	-
Total Current Assets	23,314,645	389,816
Noncurrent Assets:		
Advances to other funds	542,429	-
Capital Assets:		
Non-depreciable	809,864	-
Net depreciable capital assets	20,727,133	-
Total Noncurrent Assets	22,079,426	-
Total Assets	45,394,071	389,816
Deferred Outflows of Resources		
Pension contributions	62,396	-
Pension investment earnings	116,791	-
Deferred charges on bond refunding	48,314	-
Total Deferred Outflows of Resources	$ 227,501	$ -

See Notes to Financial Statements.

City of Sachse, Texas

STATEMENT OF NET POSITION (Continued)

PROPRIETARY FUNDS

September 30, 2017

	Business-type Activities	Governmental Activities
	Water & Sewer Fund	Internal Service Fund
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 1,076,119	$ 2,705
Accrued interest payable	105,677	-
Customer deposits payable - restricted assets	235,879	-
Accrued compensated absences	23,277	-
Certificates of obligation and bonds payable - current	328,628	-
Total current liabilities	1,769,580	2,705
Noncurrent Liabilities:		
Accrued compensated absences	2,586	-
Certificates of obligation and bonds payable	13,457,015	-
Net pension liability	360,418	-
Total noncurrent liabilities	13,820,019	-
Total Liabilities	15,589,599	2,705
Deferred Inflows of Resources		
Deferred inflows - actual experience vs. assumption	24,315	-
Deferred inflows - changes in assumptions	1,917	-
Total Deferred Inflows of Resources	26,232	-
Net Position		
Net investment in capital assets	7,751,354	-
Restricted deposits and bond proceeds	13,238,217	-
Unrestricted	9,016,170	387,111
Total Net Position	$ 30,005,741	$ 387,111

See Notes to Financial Statements.

City of
Sachse

City of Sachse, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2017

	Business-type Activities	Governmental Activities
	Water & Sewer Fund	Internal Service Fund
Operating Revenues		
Water revenue	$ 6,621,081	$ -
Sewer revenue	4,500,783	-
Connection and tap charges	81,680	-
Benefits management	-	1,093,101
Other revenue	180,658	-
Total Operating Revenues	11,384,202	1,093,101
Operating Expenses		
Administration	226,473	-
Personnel	608,189	981,472
Cost of water	4,016,891	-
Cost of sewer	2,317,526	-
Depreciation	1,564,400	-
Total Operating Expenses	8,733,479	981,472
Operating Income	2,650,723	111,629
Non-operating Revenues (Expenses)		
Investment income	77,795	154
Interest expense	(106,190)	-
Debt issuance costs	(106,700)	-
Total Non-Operating Revenues (Expenses)	(135,095)	154
Income Before Contributions and Transfers	2,515,628	111,783
Capital Contributions	1,047,236	-
Transfers (out)	(1,516,542)	-
Change in Net Position	2,046,322	111,783
Net Position - October 1	27,959,419	275,328
Net Position - September 30	$ 30,005,741	$ 387,111

See Notes to Financial Statements.

City of Sachse, Texas

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2017

	Business-type Activities	Governmental Activities
	Water & Sewer Fund	Internal Service Fund
Cash Flows from Operating Activities		
Receipts from customers for services	$ 10,996,120	$ -
Receipts from interfund charges for benefits management	-	1,093,101
Payments to employees for salaries and benefits	(620,686)	-
Payments to suppliers and service providers	(6,658,459)	(978,767)
Net Cash Provided (Used) by Operating Activities	3,716,975	114,334
Cash Flows from Non-capital Financing Activities		
Transfers (out)	(1,516,542)	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(1,516,542)	-
Cash Flows from Capital and Related Financing Activities		
Proceeds from issuance of certificates of obligations	13,110,000	-
Acquisition and construction of capital assets	(417,557)	-
Principal paid on capital debt	(110,000)	-
Interest paid on capital debt	(17,774)	-
Cash paid for debt issuance costs	(106,700)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	12,457,969	-
Cash Flows from Investing Activities		
Purchase of investments	(6,028,053)	-
Interest on investments	77,795	154
Net Cash Provided (Used) by Investing Activities	(5,950,258)	154
Net Increase (Decrease) in Cash and Cash Equivalents	8,708,144	114,488
Cash and Cash Equivalents, October 1, 2016	4,418,916	275,328
Cash and Cash Equivalents, September 30, 2017	$ 13,127,060	$ 389,816

See Notes to Financial Statements.

City of Sachse, Texas

STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
For the Year Ended September 30, 2017

	Business-type Activities	Governmental Activities
	Water & Sewer Fund	Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	$ 2,650,723	$ 111,629
Adjustment to reconcile operating income to net cash Provided (used) by operating activities:		
Depreciation expense	1,564,400	-
(Increase) Decrease in:		
Accounts receivable	(315,220)	-
Inventory	(143,310)	-
Prepaids	(2,540)	-
Advances to other funds	36,191	-
Deferred outflows-pension contributions	(5,859)	-
Deferred outflows-pension investment earnings	(34,672)	-
Deferred outflows-deferred charges on bond refunding	3,451	-
Increase (decrease) in:		
Accounts payable and accrued liabilities	(97,569)	2,705
Compensated absences	(12,497)	-
Deposits payable	(765)	-
Net pension liability	51,287	-
Deferred inflows-actual experience vs. assumption	24,315	-
Deferred inflows-changes in assumptions	(960)	-
Net Cash Provided by Operating Activities	$ 3,716,975	$ 114,334
Non-Cash Investing and Financing Activities		
Contributions of Capital Assets	$ 1,047,236	$ -

See Notes to Financial Statements.

City of Sachse, Texas

STATEMENT OF NET POSITION
COMPONENT UNIT
September 30, 2017

	Economic Development Corporation
Assets	
Cash and cash equivalents	$ 700,750
Receivables (net)	174,609
Prepaids	471
Advances to other governments	1,009,010
Assets held for sale	2,118,239
Total Assets	4,003,079
Liabilities	
Accounts payable and accrued liabilities	31,040
Accrued compensated absences	2,690
Total Liabilities	33,730
Net Position	
Unrestricted	3,969,349
Total Net Position	3,969,349
Total Liabilities and Net Position	$ 4,003,079

See Notes to Financial Statements.

City of Sachse, Texas

STATEMENT OF ACTIVITIES

COMPONENT UNIT

For the Year Ended September 30, 2017

	Economic Development Corporation
Revenues	
Sales and use tax	$ 789,292
Investment income	3,562
Gain from sale of assets held for sale	502,845
Total Revenues	792,854
Expenditures	
Current operating:	
Personnel costs	143,349
Community contributions	123,818
Administration	90,502
Professional fees	81,271
Economic development	5,265
Dues and subscriptions	5,004
Supplies and materials	4,730
Total Expenditures	453,939
Excess (Deficiency) of Revenues Over (Under) Expenditures	338,915
Change in Net Position	841,760
Net Postion - October 1	3,127,589
Net Position - September 30	$ 3,969,349

See Notes to Financial Statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Sachse, Texas (the "City") was incorporated in 1956 under the provisions of Chapter 11, Title 28, Texas Revised Civil Statutes of 1925 and has adopted a charter making it a home rule city operating under a Council-Manager form of government. The City provides such services as are authorized by its charter to advance the welfare, health, comfort, safety and convenience of the City and its inhabitants.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The Sachse Economic Development Corporation (the "SEDC" and the PGBT Reinvestment Zone Tax Increment Fund (the "TIF"), although legally separate, are considered part of the reporting entity. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Blended Component Unit

President George Bush Turnpike (PGBT) Reinvestment Zone Tax Increment Fund

The City created the PGBT Reinvestment Zone Tax Increment Fund (the "TIF") in November 2003 to encourage and accelerate planned development along the George Bush Eastern Extension of the Turnpike to the City. The five member Board of Directors are appointed by the Sachse City Council and serve for two-year staggered terms. The members of the board are citizens of Sachse. Any future debt obligations issued and

backed by the TIF are to be repaid from property tax levies, based on the incremental increase in the real property values from the base year 2003.

The TIF Board of Directors acts primary in an advisory role to the City Council, who exercise the ultimate financial control over the recommendations of the TIF board, including its budget and expenditures. The financial information of the TIF is blended as a governmental fund into the primary government. Separate financial statements are not prepared.

Discretely Presented Component Unit

Sachse Economic Development Corporation

The Sachse Economic Development Corporation (the "SEDC") serves all citizens of the City and is governed by a seven member board of directors appointed by the Sachse City Council. An Executive Director is appointed by the SEDC seven member board to carry out the Board's administrative and policy initiatives. The SEDC is a 4B Corporation and is supported by a half-cent sales tax voted by referendum in 1994. The scope of public service of the SEDC benefits the government and its citizens and is operated primarily within geographic boundaries of the City.

Separate financial statements are not prepared. However, additional financial information for the SEDC may be obtained at the entity's administrative offices at the following address: Sachse Economic Development Corporation, 3815 Sachse Road, Sachse, Texas 75048.

B. Basis of Presentation – Government-Wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the propriety funds.

As discussed earlier, the government has one discretely presented component unit, which is shown in separate columns in the government-wide financial statements and separate financial statements are presented in the financial section.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category; governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are reported as nonmajor funds. Major and nonmajor individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following governmental funds:

General Fund

The General Fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, culture and recreation, community development, and non-departmental. This fund is considered to be a major fund.

Debt Service Fund

The Debt Service Fund is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of governmental funds. The primary source of revenue for debt service is local property taxes. This fund is considered to be a major fund.

Capital Projects Fund

The Capital Projects Fund accounts for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds. The City has an internal vehicle replacement fund and it is presented with the Capital Projects Fund in the fund financial statements. This fund is considered to be a major fund.

Impact Fees Fund

The Impact Fees Fund accounts for impact fees collected for specific projects related to development within the City. This fund is considered to be a major fund.

PGBT Reinvestment Zone Tax Increment Fund

The PGBT Reinvestment Zone Tax Increment Fund ("TIF") was created to encourage and accelerate planned development along the George Bush Eastern Extension of the Turnpike to the City. The fund accounts for all tax and expenditure activity associated with the fund's primary purpose. This fund is considered major for reporting purposes.

Street Maintenance Fund

The Street Maintenance Fund is used to account for a sales tax restricted for street maintenance. The fund is not considered to be a major fund, however management has chosen to present the fund as a major fund.

Special Revenue Fund

The Special Revenue Fund is used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Revenue sources for this fund include donations, fines and fees, and grants. This fund is considered nonmajor for reporting purposes.

The government reports the following major enterprise fund:

Water & Sewer Fund

This fund is used to account for provisions of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water production and distribution system, water collection and treatment systems. The fund also accounts for the accumulation of resources for and the payment of long-term debt. All costs are financed through charges to utility customers.

The government reports the following internal service fund:

Health Insurance Fund

This fund is used to account for health insurance benefits provided to City employees.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds), are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between

the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

C. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources or economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus and the accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of a long term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of fiscal year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting.* Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

D. Assets, Liabilities, Deferred Inflows/Outflows, and Fund Equity or Net Position

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. For the purpose of the Statement of Cash Flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools,* the City reports all investments at fair value, except for "money market investments" and "2a7-like pools". Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investments of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

Direct obligations of the U.S. Government
Fully collateralized certificates of deposit and money market accounts
Statewide investment pools

2. Fair Value Measurement

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosure related to all fair value measurements.

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances

to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds are offset by a nonspendable fund balance account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowances for uncollectible amounts.

4. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method). The inventories are valued at the lower of cost or market using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized (the consumption method).

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do that add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

Asset Description	Estimated Useful Life
Vehicles	5 to 10 years
Machinery and equipment	5 to 10 years
Infrastructure	5 to 30 years
Buildings and improvements	25 years

6. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

7. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the government fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in the fund.

8. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The

government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purpose determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The government has adopted a policy to maintain a minimum reserve of an amount equal to or greater than 25% of operating expenditures. The utility fund working capital should be maintained at a minimum of 20-25% of the total operating expenditures or the equivalent of 75 days. The Debt Service Fund reserve is maintained at a level to support interest and principal payments in the event of a delay in property tax collections.

9. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the General Fund. Lease payments representing both principal and interest are recorded as expenditures in the General Fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

10. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

11. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

E. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific

purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

3. Compensated Absences

City employees earn vacation and sick leave, which may either be taken or accumulated, up to certain amounts, until retirement or termination. Once per year, employees with accumulations greater than 40 hours may redeem 3 days of sick and vacation leave. Upon termination or retirement, an employee is reimbursed up to a maximum number of hours of unused vacation pay based upon the years of service. Sick leave is not paid at termination or retirement. All vacation and qualifying sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Water and Sewer Fund are charges to customers for sales and services. The Water and Sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on

capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

B. Explanation of certain differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities.

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, "the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities."

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General, Debt Service, SEDC, Special Revenue, and utility funds. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the department level. No funds can be transferred or added to a budgeted item without Council approval. Appropriations lapse at the end of the year. Two supplemental budget appropriations were made during the year.

A. Expenditures Over Appropriations

For the year ended September 30, 2017, expenditures and transfers exceeded appropriations at the legal level of control and as follows:

General Fund	
Transfers out	$ 100,000
Debt Service Fund	
Transfers out	$ 1,202,427
Special Revenue Fund	
General Government - City Manager	$ 15,227
Capital Outlay	$ 15,000

The City has implemented procedures to ensure budgetary compliance. No expenditure can be made unless there is a budget available or an approved budget amendment has been submitted. Department head and management will review the budget variances on a regular basis and the budget will be amended if necessary.

B. Deficit Fund Equity

At September 30, 2017, the PGBT Reinvestment Zone TIF has a deficit fund balance of $1,551,439. The deficit will be eliminated in the future with development of the zone and issuance of new debt.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As stated in I.D.1., the City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. The City's investments in 2a7-like pools such as TexPool are included in this category. Although the City's investments in TexPool are available for immediate withdrawal, disclosure of the pool's weighted average maturity and bond rating are required.

The City had the following deposits considered to be cash and cash equivalents at September 30, 2017:

Investment type	Fair Value	Weighted Average Maturity (Days)	Credit Rating
Bank deposits	$ 19,386,661	-	-
Money Market accounts	4,364,275	-	-
External investement pools			
TexPool	3,721,568	45	AAAm
Total fair value	$ 27,472,504		

The Sachse EDC had the following deposits considered to be cash and cash equivalents at September 30, 2017:

Investment Type	Fair Value
Bank deposits	$ 700,750
Total fair value	$ 700,750

As of September 30, 2017, the primary government had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Certificates of deposit	$ 15,088,502	0.55

Interest rate risk In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed five years; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

Credit risk The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service. As of September 30, 2017, the City's investment in TexPool was rated AAAm by Standard & Poor's.

Custodial credit risk – deposits In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its

agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2017, the market values of pledged securities and FDIC exceeded bank balances.

Custodial credit risk – investments For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAm. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

B. Receivables

The following comprise receivable balances of the primary government at year end:

	General	Debt Service	Street Maintenance	Special Revenue	Water & Sewer	Total	Component Unit EDC
Property taxes	$ 83,682	$ 28,009	$ -	$ -	$ -	$ 111,691	$ -
Sales taxes	356,532	-	87,335	-	-	443,867	174,609
Franchise taxes	264,883	-	-	-	-	264,883	-
Fines	153,410	-	-	-	-	153,410	-
EMS	117,257	-	-	-	-	117,257	-
Accounts	-	-	-	-	1,910,679	1,910,679	-
Other	45,495	-	-	5,278	135,008	185,781	-
Allowance	(227,215)	-	-	-	(51,831)	(279,046)	-
	$794,044	$ 28,009	$ 87,335	$5,278	$1,993,856	$2,908,522	$ 174,609

C. Capital Assets

A summary of changes in governmental activities capital assets for the year ended September 30, 2017 is as follows:

	Beginning Balances	Additions	Decreases / Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 8,895,278	$ -	$ -	$ 8,895,278
Construction in progress	2,036,256	1,633,789	(1,269,109)	2,400,936
Total capital assets, not being depreciated	10,931,534	1,633,789	(1,269,109)	11,296,214
Capital assets, being depreciated:				
Buildings & improvements	20,109,688	-	-	20,109,688
Vehicles & equipment	8,378,860	1,624,123	(432,103)	9,570,880
Infrastructure	122,320,959	2,837,913		125,158,872
Total capital assets being depreciated	150,809,507	4,462,036	(432,103)	154,839,440
Less accumulated depreciation for:				
Buildings & improvements	6,531,787	827,493	(227,820)	7,131,460
Vehicles & equipment	5,970,843	487,134	(415,123)	6,042,854
Infrastructure	64,945,320	2,923,241	227,080	68,095,641
Total accumulated depreciation	77,447,950	4,237,868	(415,863)	81,269,955
Total capital assets, being depreciated, net	73,361,557	224,168	(16,240)	73,569,485
Total Capital Assets	$ 84,293,091	$ 1,857,957	$ (1,285,349)	$ 84,865,699

Depreciation was charged to governmental functions for the year ended September 30 2017, as follows:

Public works	$ 2,969,701
Public safety	514,398
General government	484,141
Culture and recreation	269,628
Total Depreciation Expense	$ 4,237,868

A summary of changes in business-type activities capital assets for the year ended September 30, 2017 is as follows:

	Beginning Balances	Additions	Decreases / Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 355,021	$ 7,500	$ -	$ 362,521
Construction in progress	2,103,157	78,338	(1,734,152)	447,343
Total capital assets, not being depreciated	2,458,178	85,838	(1,734,152)	809,864
Capital assets, being depreciated:				
Buildings & improvements	313,503	-	-	313,503
Vehicles & equipment	1,193,887	74,184	(81,142)	1,186,929
Infrastructure	45,907,627	3,038,922	-	48,946,549
Total capital assets being depreciated	47,415,017	3,113,106	(81,142)	50,446,981
Less accumulated depreciation for:				
Buildings & improvements	262,079	5,351	-	267,430
Vehicles & equipment	967,011	45,360	(47,774)	964,597
Infrastructure	27,007,500	1,513,689	(33,368)	28,487,821
Total accumulated depreciation	28,236,590	1,564,400	(81,142)	29,719,848
Net capital assets being depreciated	19,178,427	1,548,706	-	20,727,133
Total Capital Assets	$ 21,636,605	$ 1,634,544	$ (1,734,152)	$ 21,536,997

Depreciation was charged to business-type activities for the year ended September 30, 2017, as follows:

Water	$ 923,871
Sewer	640,529
Total Depreciation Expense	$ 1,564,400

D. Long-term Debt

The following is a summary of changes in long-term liabilities for the City's total governmental activities, business-type activities, and the component unit for the year ended September 30, 2017. The City uses the Debt Service Fund to liquidate liabilities of the governmental funds.

	Beginning Balances	Additions	Reductions	Ending Balances	Amounts Due Within One Year
Governmental Activities:					
Bonds, notes and other payables:					
General Obligation Bonds	$ 35,665,000	$ -	$ (2,165,000)	$ 33,500,000	$ 1,925,000
Discount	(4,829)	-	1,109	(3,720)	(1,109)
Premium	2,614,608	-	(172,371)	2,442,237	180,500
Tax notes	1,200,000	-	(160,000)	1,040,000	165,000
Other liabilities:					
Compensated absences	554,623	61,003	-	615,626	492,500
Total Governmental Activities	$ 40,029,402	$ 61,003	$ (2,496,262)	$ 37,594,143	$ 2,761,891
Long-term liabilities due in more than one year				$ 34,832,252	
Business-type Activities:					
Bonds, notes and other payable:					
Certificates of Obligations	$ 110,000	$ 12,670,000	$ (110,000)	$ 12,670,000	$ 197,600
General Obligation Bonds	620,000	-	-	620,000	120,000
Premium	66,671	440,000	(11,028)	495,643	11,028
Other Liabillities:					
Compensated absences	38,360	-	(12,497)	25,863	23,277
Total Business-Type Activities	$ 835,031	$ 13,110,000	$ (133,525)	$ 13,811,506	$ 351,905
Long-term liabilities due in more than one year				$ 13,459,601	
Component Unit					
Other liabilities:					
Compensated absences	$ 3,188	$ -	$ (498)	$ 2,690	$ 2,421
Total Component Unit	$ 3,188	$ -	$ (498)	$ 2,690	$ 2,421
Long-term liabilities due in more than one year				$ 269	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The City intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the Debt Service Fund as has been done in prior years. The business-type long-term debt will be repaid, plus accrued interest, from operating revenues of the Water and Sewer Fund. The General Fund has typically been used to liquidate the liability for compensated absences for governmental activities.

Long-term debt for the year ended September 30, 2017 was comprised of the following debt issues:

Description	Interest Rates	Original Balances	Amounts Outstanding
Governmental Activities:			
2007 General obligation improvement bonds	4.0-4.15%	$ 6,130,000	$ 295,000
2009 General obligation refunding and improvement bonds	3.0-5.88%	34,560,000	4,825,000
2015 General obligation refunding and improvement bonds	2.0-4.0%	9,470,000	9,120,000
2016 General obligation refunding bonds	2.0-4.0%	20,025,000	19,260,000
2016 Tax notes	2.0-3.0%	1,200,000	1,040,000
Total Governmental Activities		$ 71,385,000	$ 34,540,000
Business-type Activities:			
2016 General obligation refunding bonds	2.0-4.0%	$ 620,000	$ 620,000
2017 Certificates of obligation	3.0-4.0%	12,670,000	12,670,000
Total Business-type Activities		$ 13,290,000	$ 13,290,000
Total		$ 84,675,000	$ 47,830,000

The annual requirements to amortize governmental activities debt issues outstanding at September 30, 2017 are as follows:

Year ending	General Obligation Bonds		Tax Notes	
September 30,	Principal	Interest	Principal	Interest
2018	$ 1,925,000	$ 1,109,308	$ 165,000	$ 22,800
2019	1,595,000	1,054,414	165,000	19,500
2020	1,655,000	1,000,158	170,000	16,150
2021	1,720,000	939,439	175,000	12,700
2022	1,780,000	889,795	180,000	8,250
2023	1,830,000	844,745	185,000	2,775
2024	1,890,000	789,414	-	-
2025	1,945,000	731,658	-	-
2026	2,005,000	671,533	-	-
2027	2,075,000	599,451	-	-
2028	2,165,000	514,539	-	-
2029	1,820,000	434,723	-	-
2030	1,895,000	360,300	-	-
2031	1,980,000	282,675	-	-
2032	2,325,000	196,419	-	-
2033	2,410,000	112,331	-	-
2034	2,485,000	37,419	-	-
Total	$ 33,500,000	$ 10,568,321	$ 1,040,000	$ 82,175

The annual requirements to amortize business-type activities debt issues outstanding at September 30, 2017 are as follows:

Year ending	General Obligation Bonds		Certificates of Obligation	
September 30,	Principal	Interest	Principal	Interest
2018	$ 120,000	$ 11,200	$ 180,000	$ 459,721
2019	120,000	8,800	225,000	420,413
2020	125,000	6,350	230,000	411,312
2021	125,000	3,850	240,000	401,913
2022	130,000	1,300	250,000	392,112
2023	-	-	405,000	379,013
2024	-	-	415,000	362,612
2025	-	-	435,000	345,613
2026	-	-	450,000	327,913
2027	-	-	470,000	309,512
2028	-	-	490,000	290,312
2029	-	-	510,000	270,313
2030	-	-	535,000	249,412
2031	-	-	550,000	230,463
2032	-	-	570,000	213,662
2033	-	-	585,000	196,337
2034	-	-	605,000	178,488
2035	-	-	620,000	160,112
2036	-	-	640,000	141,213
2037	-	-	655,000	121,787
2038	-	-	680,000	101,763
2039	-	-	700,000	80,625
2040	-	-	720,000	58,437
2041	-	-	745,000	35,547
2042	-	-	765,000	11,953
Total	$ 620,000	$ 31,500	$ 12,670,000	$ 6,150,558

E. Deferred Charges on Refunding

Deferred charges resulting from the issuance of series 2010, 2015, and 2016 general obligation refunding and improvement bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding certificates of obligation. Current year balances for governmental activities totaled $2,704,002 and $48,314 for business-type activities. Current year amortization expense for governmental activities totaled $182,933 and $3,451 for business-type activities.

F. Interfund Transactions

Transfers between the primary government funds during the year ended September 30, 2017 are as follows:

	Transfers In			
Transfers Out	**General**	**Capital Projects**	**Water & Sewer**	**Total Transfers Out**
General	$ -	$ 757,389	$ -	$ 757,389
Debt service	-	1,202,427	-	1,202,427
Impact fees	-	471,655	-	471,655
Water and sewer	1,516,542	-	-	1,516,542
Total Transfers In	$ 1,516,542	$ 2,431,471	$ -	$ 3,948,013

Transfers from the Water and Sewer Fund were made for operations to support costs borne by the General Fund. Transfers from the General Fund, Debt Service Fund, and Impact Fees Fund to the Capital Projects Fund were made for construction projects.

The compositions of interfund balances as of September 30, 2017 are as follows:

Funds	**Advances to Other Funds**	**Advances from Other Funds**
PGBT Reinvestment Zone -		
Water & sewer	$ -	$ 542,429
Water & Sewer -		
PGBT Reinvestment Zone	542,429	-
	$ 542,429	$ 542,429

The purpose of interfund receivables and payables is to loan cash between funds. All balances are expected to be settled with issuance of new debt or the collection of property taxes.

As of year-end, the SEDC has advanced the PGBT Reinvestment Zone Fund $1,009,010 for a major sewer expansion project. The advance will be paid back by future property tax.

G. Assigned Fund Balance

The City assigns fund balance for expenditures designated for specific purposes. At September 30, 2017, the City had assigned the following balances:

	Capital Projects Fund
Assigned for:	
Vehicle Replacemnt Fund	$ 293,910
Total	$ 293,910

H. Restricted Net Position

The City records restricted net position to indicate that a portion is legally restricted for a specific future use.

The following is a list of restricted net position of the City:

	Governmental Activities	SEDC
Restricted for:		
Capital improvements	$ 11,889,010	$ -
Debt service	460,734	-
* Street maintenance	317,993	-
* Municpal court	244,199	-
Economic development	-	3,969,349
Total	$ 12,911,936	$ 3,969,349

* Restricted by enabling legislation

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with over 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

GASB 62 defines probability of loss contingencies as the following:

Probable. The future event or events are likely to occur.

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Liabilities are recorded when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

The City is currently involved in a lawsuit with estimated damage claims in excess of $10 million dollars. The City estimates it has a 70% chance of prevailing in this case and that this loss contingency is reasonably possible, but not probable.

C. Construction Commitments

The City has active construction projects as of September 30, 2017. The projects include a digital radio upgrade and a sanitary sewer project.

At September 30, 2017, the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Government Activities:		
P-25 Digital Radio Upgrade	$ 690,358	$ 259,642
Business-Type Activities:		
Bunker Hill Sanitary Sewer Upgrade	-	692,148
Total	$ 690,358	$ 259,642

D. Pension Plans

Texas Municipal Retirement Systems

1. Plan Description

The City of Sachse participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

2. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2015	Plan year 2016
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

Employees covered by benefit terms

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	63
Inactive employees entitled to but not yet receiving benefits	125
Active employees	143
Total	331

3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Sachse were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Sachse were 13.42% and 14.05% in calendar years 2015 and 2016, respectively. The City's contributions to TMRS for the year ended September 30, 2017, were $1,225,344, and were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.50% to 10.50% per year including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2016 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	100.0%	

Discount Rate:

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 9,893,617	$ 5,148,830	$ 1,364,929

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/15	$ 24,245,784	$ 19,829,627	$ 4,416,157
Changes for the year:			
Service Cost	1,521,822	-	1,521,822
Interest	1,663,017	-	1,663,017
Difference between expected and actual experience	596,374		596,374
Changes of assumptions	-	-	-
Contributions - employer	-	1,132,714	(1,132,714)
Contributions - employee	-	590,835	(590,835)
Net investement income	-	1,340,941	(1,340,941)
Benefit payments, including refunds of emp. contributions	(738,818)	(738,818)	-
Administrative expense	-	(15,135)	15,135
Other changes	-	(815)	815
Net changes	3,042,395	2,309,722	732,673
Balance at 12/31/16	$ 27,288,179	$ 22,139,349	$ 5,148,830

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2017, the City recognized pension expense of $1,703,720.

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,668,448	$ -
Changes in actuarial assumptions	-	27,393
Difference between projected and actual investment earnings	-	347,355
Contributions subsequent to the measurement date	891,373	-
Total	$ 2,559,821	$ 374,748

The City reported $891,373 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2018	$ 432,266
2019	463,091
2020	398,832
2021	(489)
Thereafter	-
Total	$ 1,293,700

Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB.

The City offers supplemental death to:	Plan Year 2015	Plan Year 2016
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2017, 2016 and 2015 were $12,016, $1,637 and $2,059, respectively, which equaled the required contributions each year.

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2014	0.02%	0.02%	100.00%
2015	0.02%	0.02%	100.00%
2016	0.02%	0.02%	100.00%

E. Tax Abatement Disclosures

The City has entered into sales tax abatement agreements with local businesses under Chapter 380 of the Texas Local Government Code. Under the terms of the City's agreements, the City will refund 80% of the City's portion of sales tax paid by the businesses annually. There are currently two existing agreements expiring October 20, 2025 and March 7, 2025. The City abated $35,528 under these agreements during the current year.

The Sachse EDC entered into a sales tax with a local business under Chapters 501-505 of the Texas Local Government Code. Under the terms of the Sachse EDC's agreement, 80% of its sales tax receipts related to sales generated by the business. The maximum amount of this sales tax agreement is $282,712. This agreement expires January 23, 2023. The Sachse EDC did not abate any taxes related to this agreement in the current year.

F. Subsequent Events

Management has evaluated all events or transactions that occurred after September 30, 2016 up through the date of the auditor's report date on page two. This is the date the financial statements were available for issuance. There is one subsequent event related to new debt requiring disclosure.

On October 16, 2017, the City issued $10,590,000 Combination Tax and Surplus Revenue Certificates of Obligation, Series 2017A. There is a net premium of $318,393 for a total of $10,908,393 received from U.S. Bank. The proceeds will be utilized for the governmental activities capital improvements. The Series 2017A bonds have interest rates varying from 3% to 4%. The City's obligation to U.S. Bank under the contract expires with the retirement of the obligation at the maturity date of September 30, 2042.

G. New Accounting Pronouncements

The City has adopted the following Governmental Accounting Standards Board (GASB) statements, as required:

1. GASB Statement No. 72, *Fair Value Measurement and Application*
2. GASB Statement No. 77, *Tax Abatement Disclosures* (early implementation FY 2016)
3. GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14.*
4. GASB Statement No. 82, *Pension Issues – an amendment of GASB No. 67, No. 68, and No. 73.*

GASB has also issued the following statements, which may have a material effect on the City's financial Statements once implemented. The City will be analyzing the effects of these pronouncements and plans to adopt them by their effective date, or as they become applicable to the City:

1. GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* effective starting with fiscal year ending June 30, 2017, if applicable.
2. GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans,* effective starting with fiscal year ending December 31, 2016, if applicable.
3. GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension,* effective starting with fiscal year ending June 30, 2018, if applicable.
4. GASB No. 81, *Irrevocable Split-Interest Agreements,* effective starting with the fiscal year ending December 31, 2017, if applicable.

REQUIRED SUPPLEMENTARY INFORMATION

City of Sachse, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND (Page 1 of 2)
For the Year Ended September 30, 2017

	Budgeted Amounts		2017	Variance with Final Budget: Positive
	Original	Final	Actual	(Negative)
Revenues				
Property taxes	$ 10,076,929	$ 10,076,929	$ 10,343,536	$ 266,607
Sales tax	1,383,888	1,383,888	1,574,656	190,768
Franchise and local taxes	1,690,233	1,194,608	1,124,590	(70,018)
Licenses, permits and fees	1,475,500	1,475,500	1,577,781	102,281
Intergovernmental	1,324,439	299,828	283,126	(16,702)
Fines and forfeitures	280,000	280,000	240,310	(39,690)
Investment income	12,000	12,000	65,833	53,833
Other revenue	88,081	88,081	59,615	(28,466)
Total Revenues	16,331,070	14,810,834	15,269,447	458,613
Expenditures				
Current:				
General Government				
City manager	383,103	383,103	348,532	34,571
City secretary	148,553	152,153	148,036	4,117
Human resources	337,607	323,107	291,757	31,350
Finance	548,026	548,026	526,018	22,008
Public Safety				
Police	4,811,657	4,695,643	4,361,919	333,724
Animal control	210,614	208,464	197,543	10,921
Fire and ambulance	3,740,453	3,592,161	3,543,552	48,609
Municipal court	217,130	217,130	209,840	7,290
Public Works				
Streets	1,691,786	1,663,289	1,583,827	79,462
Facility maintenance	515,018	538,562	522,031	16,531
City engineer	239,302	224,477	216,511	7,966
Culture and recreation				
Parks and recreation	1,164,914	1,078,290	1,065,308	12,982
Seniors	150,433	127,353	123,591	3,762
Library service	458,091	471,191	455,768	15,423
Community development	844,546	853,521	828,351	25,170
Nondepartmental	766,386	746,886	669,168	77,718
Total Expenditures	16,227,619	15,823,356	15,091,752	731,604
Revenues Over (Under)	$ 103,451	$ (1,012,522)	$ 177,695	$ 1,190,217

City of Sachse, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND (Page 2 of 2)
For the Year Ended September 30, 2017

	Budgeted Amounts		2017	Variance with Final Budget: Positive
	Original	Final	Actual	(Negative)
Other Financing Sources (Uses)				
Transfers in	$ -	$ 1,520,236	$ 1,516,542	$ (3,694)
Transfers (out)	-	(657,389)	(757,389)	(100,000)
Total Other Financing Sources (Uses)	-	862,847	759,153	(103,694)
Net Change in Fund Balances	$ 103,451	$ (149,675)	936,848	$ 1,086,523
Fund balances - October 1			7,932,067	
Fund balances - September 30			$ 8,868,915	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Sachse, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
IMPACT FEES FUND
For the Year Ended September 30, 2017

	Budgeted Amounts			Final Budget - Positive
	Original	Final	Actual	(Negative)
Revenues				
Impact and development fees	$ 600,000	$ 600,000	$ 739,150	$ 139,150
Investment income	23,000	23,000	32,324	9,324
Total Revenues	623,000	623,000	771,474	148,474
Other Financing Sources (Uses)				
Transfers out	(1,393,480)	(1,393,480)	(471,655)	921,825
Total Other Financing Sources (Uses)	(1,393,480)	(1,393,480)	(471,655)	921,825
Net Change in Fund Balance	$ (770,480)	$ (770,480)	299,819	$ 1,070,299
Fund Balance, October 1			6,276,209	
Fund Balance, September 30			$ 6,576,028	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Sachse, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS [1]

TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2017

	2016	2015	2014
Total pension liability			
Service cost	$ 1,521,822	$ 1,293,172	$ 1,042,550
Interest	1,663,017	1,563,772	1,430,625
Changes in benefit terms	-	-	-
Differences between expected and actual experience	596,374	(79,733)	(127,842)
Changes in assumptions	-	110,669	-
Benefit payments, including refunds of participant contributions	(738,818)	(670,232)	(466,852)
Net change in total pension liability	3,042,395	2,217,648	1,878,481
Total pension liability - beginning	24,245,784	22,028,136	20,149,655
Total pension liability - ending (a)	27,288,179	24,245,784	22,028,136
Plan fiduciary net position			
Contributions - employer	1,132,714	982,512	770,437
Contributions - members	590,835	520,242	458,268
Net investment income	1,340,941	28,020	986,994
Benefit payments, including refunds of participant contributions	(738,818)	(670,232)	(466,852)
Administrative expenses	(15,135)	(17,065)	(10,302)
Other	(815)	(843)	(847)
Net change in plan fiduciary net position	2,309,722	842,634	1,737,698
Plan fiduciary net position - beginning	19,829,627	18,986,993	17,249,295
Plan fiduciary net position - ending (b)	22,139,349	19,829,627	18,986,993
Fund's net pension liability - ending (a) - (b)	$ 5,148,830	$ 4,416,157	$ 3,041,143
Plan fiduciary net position as a percentage of the total pension liability	81.13%	81.79%	86.19%
Covered employee payroll	$ 8,440,501	$ 7,432,025	$ 6,546,680
Fund's net position as a percentage of covered employee payroll	61.00%	59.42%	46.45%

Notes to schedule

[1] This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

City of Sachse, Texas

SCHEDULE OF CONTRIBUTIONS TO PENSION PLAN [1]

TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2017

	9/30/2017	9/30/2016	9/30/2015
Actuarially determined employer contributions	$ 1,225,344	$ 1,106,275	$ 893,569
Contributions in relation to the actuarially determined contribution	1,225,344	1,106,275	893,569
Contribution deficiency (excess)	-	-	-
Annual covered employee payroll	$ 8,833,157	$ 8,185,274	$ 7,047,207
Employer contributions as a percentage of covered employee payroll	13.87%	13.52%	12.68%

[1] This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

NOTES TO SCHEDULE OF CONTRIUBTIONS TO PENSION PLAN

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	30 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2009 - 2013
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis will scale BB

Other Information:

Notes	There were no benefit changes during the year.

OTHER SUPPLEMENTARY INFORMATION

City of Sachse, Texas

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended September 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Property tax	$ 3,522,138	$ 3,522,138	$ 3,618,918	$ 96,780
Investment income	1,000	1,000	2,764	1,764
Other revenue	-	-	33,181	33,181
Total Revenues	3,523,138	3,523,138	3,654,863	131,725
Expenditures				
Debt service:				
Principal	1,583,679	2,325,000	2,325,000	-
Interest	1,925,718	1,184,397	1,186,303	(1,906)
Total Expenditures	3,509,397	3,509,397	3,511,303	(1,906)
Revenues Over (Under) Expenditures	13,741	13,741	143,560	129,819
Other Financing Sources (Uses)				
Transfers in (out)	-	-	(1,202,427)	(1,202,427)
Total Other Financing Sources (Uses)	-	-	(1,202,427)	(1,202,427)
Net Change in Fund Balance	$ 13,741	$ 13,741	(1,058,867)	$ (1,072,608)
Fund Balance, October 1			1,519,601	
Fund Balance, September 30			$ 460,734	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Sachse, Texas

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
STREET MAINTENANCE FUND
For the Year Ended September 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Sales tax	$ 345,972	$ 345,972	$ 394,783	$ 48,811
Investment income	200	200	449	249
Total Revenues	346,172	346,172	395,232	49,060
Expenditures				
Capital outlay	345,000	345,000	303,797	41,203
Total Expenditures	345,000	345,000	303,797	41,203
Net Change in Fund Balance	$ 1,172	$ 1,172	91,435	$ 90,263
Fund Balance, October 1			226,558	
Fund Balance, September 30			$ 317,993	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Sachse, Texas

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
For the Year Ended September 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
License, permits and fees	$ 36,500	$ 36,500	$ 21,212	$ (15,288)
Grants and donations	-	-	182,557	182,557
Fines and forfeitures	-	-	12,304	12,304
Investment income	900	900	2,741	1,841
Other revenue	-	-	-	-
Total Revenues	37,400	37,400	218,814	181,414
Expenditures				
General government				
City manager	-	-	15,227	(15,227)
Municipal court	35,000	35,000	4,354	30,646
Public safety				
Police	15,000	15,000	9,042	5,958
Animal control	10,000	10,000	1,031	8,969
Culture and recreation	181,500	181,500		181,500
Capital outlay	-	-	15,000	(15,000)
Total Expenditures	241,500	241,500	44,654	196,846
Revenues Over (Under) Expenditures	(204,100)	(204,100)	174,160	378,260
Other Financing Sources (Uses)				
Transfers in (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	$ (204,100)	$ (204,100)	174,160	$ 378,260
Fund Balance, October 1			887,438	
Fund Balance, September 30			$ 1,061,598	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Sachse, Texas

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT CORPORATION
For the Year Ended September 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Sales tax	$ 691,944	$ 691,944	$ 789,292	$ 97,348
Grants and donations	-	-	-	-
Investment income	3,000	3,000	3,562	562
Other income	-	-	502,845	502,845
Total Revenues	694,944	694,944	1,295,699	600,755
Expenses				
Economic development	688,809	688,809	453,939	234,870
Total Expenditures	688,809	688,809	453,939	234,870
Change in Net Position	$ 6,135	$ 6,135	841,760	$ 365,885
Beginning Net Position			3,127,589	
Ending Net Position			$ 3,969,349	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Sachse, Texas

STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
September 30, 2017

	Health Insurance
Assets	
Cash and cash equivalents	$ 389,816
Total Assets	389,816
Liabilities	
Accounts payable and accrued liabilities	2,705
Total Liabilities	2,705
Net Position	
Unrestricted	387,111
Total Net Position	$ 387,111

See Notes to Financial Statements.

City of Sachse, Texas

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUND
For the Year Ended September 30, 2017

	Health Insurance
Operating Revenues	
Charges for services - benefits management	$ 1,093,101
Total Operating Revenues	1,093,101
Operating Expenses	
Health insurance	981,472
Total Operating Expenses	981,472
Operating Income	111,629
Nonoperating Revenues (Expenses)	
Investment income	154
Total Nonoperating Revenues (Expenses)	154
Change in Net Position	111,783
Beginning net position	275,328
Ending Net Position	$ 387,111

See Notes to Financial Statements.

City of Sachse, Texas

STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
For the Year Ended September 30, 2017

	Health Insurance
Cash Flows from Operating Activities	
Receipts from interfund charges for benefits management	$ 1,093,101
Payments to suppliers	(978,767)
Net Cash (Used for) Operating Activities	114,334
Cash Flows from Investing Activities	
Interest on investments	154
Net Cash Provided by Investing Activities	154
Net Increase in Cash and Cash Equivalents	114,488
Beginning cash and cash equivalents	275,328
Ending Cash and Cash Equivalents	$ 389,816

See Notes to Financial Statements.

STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	**Page**
Financial Trends	**96**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity	**102**

These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

Debt Capacity	**114**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information	**119**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information	**122**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

City of Sachse, Texas

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(accrual basis of accounting)

	2008	2009	2010	2011
Governmental Activities				
Net investment in capital assets	$ 46,034,267	$ 39,684,306	$ 39,406,692	$ 36,887,507
Restricted	5,803,620	6,450,181	4,351,532	5,622,243
Unrestricted	916,963	3,466,887	3,306,201	3,560,788
Total Governmental Activities Net Position	52,754,850	49,601,374	47,064,425	46,070,538
Business-type Activities				
Net investment in capital assets	17,732,575	18,430,141	17,765,521	16,769,366
Unrestricted	4,516,759	4,071,282	3,602,007	3,051,716
Total Business-type Activities Net Position	22,249,334	22,501,423	21,367,528	19,821,082
Primary Government				
Net investment in capital assets	63,766,842	58,114,447	57,172,213	53,656,873
Restricted	5,803,620	6,450,181	4,351,532	5,622,243
Unrestricted	5,433,722	7,538,169	6,908,208	6,612,504
Total Primary Government Net Position	$ 75,004,184	$ 72,102,797	$ 68,431,953	$ 65,891,620

2012	2013	2014	2015	2016	2017
$ 36,691,052	$ 37,377,384	$ 48,982,879	$ 49,395,981	$ 52,071,872	$ 47,887,182
12,723,690	14,002,442	9,721,020	11,827,722	8,618,633	13,205,846
2,628,448	3,436,221	(1,414,544)	(519,752)	4,049,157	7,036,681
52,043,190	54,816,047	57,289,355	60,703,951	64,739,662	68,129,709
16,223,230	16,169,507	18,603,126	18,802,635	20,509,338	7,751,354
3,442,913	2,600,084	2,586,599	4,232,573	7,450,081	22,254,387
19,666,143	18,769,591	21,189,725	23,035,208	27,959,419	30,005,741
52,914,282	53,546,891	67,586,005	68,198,616	72,581,210	55,638,536
12,723,690	14,002,442	9,721,020	11,827,722	8,618,633	13,205,846
6,071,361	6,036,305	1,172,055	3,712,821	11,499,238	29,291,068
$ 71,709,333	$ 73,585,638	$ 78,479,080	$ 83,739,159	$ 92,699,081	$ 98,135,450

City of Sachse, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years

(accrual basis of accounting)

	2008	2009	2010	2011
Expenses				
Governmental Activities:				
General government	$ 2,061,008	$ 2,306,206	$ 2,234,555	$ 2,650,864
Public safety	5,122,627	5,196,405	5,529,604	5,990,913
Public works	3,467,466	5,322,948	5,182,386	3,489,615
Culture and recreation	1,162,603	1,365,603	1,234,883	1,343,744
Community development	8,819,061	617,616	630,764	627,009
Interest and fiscal charges	207,484	1,463,452	1,932,003	1,910,952
Total Government Activities	20,840,249	16,272,230	16,744,195	16,013,097
Business-Type Activities				
Water and sewer	5,003,566	5,487,160	5,952,236	6,645,238
Total Business-Type Activities	5,003,566	5,487,160	5,952,236	6,645,238
Total Primary Government	$ 25,843,815	$ 21,759,390	$ 22,696,431	$ 22,658,335
Program Revenue				
Governmental Activities:				
Charge for services:				
General government	$ 441,333	$ 334,331	$ 63,958	$ 88,284
Public safety	713,814	500,042	508,356	475,200
Public works	111,109	83,002	91,740	2,997
Culture and recreation	109,031	71,839	70,160	70,676
Community development	176,360	136,128	361,538	376,788
Operating grants and contributions	401,576	124,155	128,218	146,815
Capital grants and contributions	1,373,884	78,763	272,333	293,001
Total Governmental Activities	3,327,107	1,328,260	1,496,303	1,453,761
Business-Type Activities				
Charge for services:				
Water and sewer	5,218,473	4,384,868	4,866,712	4,863,884
Capital grants and contributions	741,816	1,900,735	909,613	1,127,986
Total Business-Type Activities	5,960,289	6,285,603	5,776,325	5,991,870
Total Primary Government	$ 9,287,396	$ 7,613,863	$ 7,272,628	$ 7,445,631
Net (Expense)/Revenue				
Governmental activities	$ (17,513,142)	$ (14,943,970)	$ (15,247,892)	$ (14,559,336)
Business-Type activities	956,723	798,443	(175,911)	(653,368)
Total Primary Government	$ (16,556,419)	$ (14,145,527)	$ (15,423,803)	$ (15,212,704)

2012	2013	2014	2015	2016	2017
$ 2,914,720	$ 2,837,444	$ 2,332,316	$ 2,330,847	$ 2,500,102	$ 2,526,665
5,609,669	5,858,865	6,176,967	6,854,653	8,191,197	9,144,006
3,413,399	3,654,946	3,914,293	4,415,483	5,056,488	5,639,697
1,354,401	1,359,697	1,427,948	1,557,475	1,739,147	1,903,914
522,175	591,605	616,439	677,184	900,457	833,629
1,877,579	1,829,322	1,802,117	2,022,071	2,105,723	1,193,484
15,691,943	16,131,879	16,270,080	17,857,713	20,493,114	21,241,395
6,474,428	6,241,148	6,590,497	7,238,771	8,128,858	8,946,369
6,474,428	6,241,148	6,590,497	7,238,771	8,128,858	8,946,369
$ 22,166,371	$ 22,373,027	$ 22,860,577	$ 25,096,484	$ 28,621,972	$ 30,187,764
$ 99,268	$ 24,005	$ 13,702	$ 10,750	$ 720	$ -
569,403	791,140	952,056	871,054	596,562	845,462
-	975,880	1,458,819	1,216,081	1,315,780	739,151
-	-	-	-	-	264,852
672,699	717,682	1,055,577	1,804,213	1,169,517	1,189,194
7,414,865	763,815	7,587	521,003	744,975	20,832
733,599	927,450	5,054,515	1,745,994	4,913,651	2,754,486
9,489,834	4,199,972	8,542,256	6,169,095	8,741,205	5,813,977
5,273,953	7,029,639	6,866,641	9,137,569	10,382,099	11,384,202
385,859	477,579	2,019,038	1,233,994	2,810,315	1,047,236
5,659,812	7,507,218	8,885,679	10,371,563	13,192,414	12,431,438
$ 15,149,646	$ 11,707,190	$ 17,427,935	$ 16,540,658	$ 21,933,619	$ 18,245,415
$ (6,202,109)	$ (11,931,907)	$ (7,727,824)	$ (11,688,618)	$ (11,751,909)	$ (15,427,418)
(814,616)	1,266,070	2,295,182	3,132,792	5,063,556	3,485,069
$ (7,016,725)	$ (10,665,837)	$ (5,432,642)	$ (8,555,826)	$ (6,688,353)	$ (11,942,349)

City of Sachse, Texas

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years

(accrual basis of accounting)

	2008	2009	2010	2011
General Revenues				
Governmental Activities:				
Taxes:				
Property taxes	$ 6,345,254	$ 7,304,775	$ 8,526,042	$ 8,614,447
Sales and other taxes	11,375,482	3,537,454	2,965,927	3,735,391
Investment earnings	390,571	420,591	279,896	50,297
Other income	89,725	113,067	75,326	5,473
Transfers, net	451,792	414,607	863,752	1,159,841
Total Governmental Activities	18,652,824	11,790,494	12,710,943	13,565,449
Business-Type Activities:				
Investment earnings	143,922	64,398	22,281	3,010
Other income	-	-	-	3,069
Intergovernmental Revenue	-	-	-	-
Extraordinary Items	-	-	-	-
Transfers, net	(451,792)	(414,607)	(863,752)	(1,159,841)
Total Business-Type Activities	(307,870)	(350,209)	(841,471)	(1,153,762)
Total Primary Government Revenues	$ 18,344,954	$ 11,440,285	$ 11,869,472	$ 12,411,687
Change in Net Position				
Governmental Activities:	$ 1,139,682	$ (3,153,476)	$ (2,536,949)	$ (993,887)
Business-Type Activities:	648,853	448,234	(1,017,382)	(1,807,130)
Expenses	$ 1,788,535	$ (2,705,242)	$ (3,554,331)	$ (2,801,017)

2012	2013	2014	2015	2016	2017
$ 9,476,356	$ 9,560,239	$ 9,951,685	$ 10,938,125	$ 12,296,608	$ 13,982,042
1,786,926	1,873,822	2,390,224	2,790,620	3,024,925	3,094,029
35,398	30,518	30,724	33,900	50,842	117,382
30,161	80,843	280,569	51,290	268,740	107,470
1,177,341	1,252,689	(263,672)	1,289,279	146,505	1,516,542
12,506,182	12,798,111	12,389,530	15,103,214	15,787,620	18,817,465
2,985	3,934	837	1,970	7,160	77,795
-	271,595	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(1,177,341)	(1,252,689)	263,672	(1,289,279)	(146,505)	(1,516,542)
(1,174,356)	(977,160)	264,509	(1,287,309)	(139,345)	(1,438,747)
$ 11,331,826	$ 11,820,951	$ 12,654,039	$ 13,815,905	$ 15,648,275	$ 17,378,718
$ 6,304,073	$ 866,204	$ 4,661,706	$ 3,414,596	$ 4,035,711	$ 3,390,047
(1,988,972)	288,910	2,559,691	1,845,483	4,924,211	2,046,322
$ 4,315,101	$ 1,155,114	$ 7,221,397	$ 5,260,079	$ 8,959,922	$ 5,436,369

City of Sachse, Texas

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2008	2009	2010	2011
General Fund:				
Reserved	$ 17,752	$ 1,694	$ 49,815	$ -
Unreserved	3,222,355	3,344,798	3,051,597	-
Nonspendable	-	-	-	14,716
Assigned	-	-	-	-
Unassigned	-	-	-	3,194,885
Total General Fund	$ 3,240,107	$ 3,346,492	$ 3,101,412	$ 3,209,601
All Other Government Funds:				
Reserved for:				
Debt service	$ 262,835	$ -	$ 574,621	$ -
Unreserved, reported in:				
Special revenue funds	1,262,603	379,137	235,652	-
Debt service	-	(690,180)	-	-
Capital projects funds	5,603,353	32,400,420	14,410,810	-
Restricted	-	-	-	14,330,073
Committed	-	-	-	578,537
Assigned				
Unassigned	-	-	-	(1,129,437)
Total All Other Governmental Funds	$ 7,128,791	$ 32,089,377	$ 15,221,083	$ 13,779,173

Note: The City implemented GASB Statement 54 in fiscal year 2011.

2012	2013	2014	2015	2016	2017
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
324,106	28,231	72,675	101,621	21,970	39,463
-	-	450,000	54,000	186,340	-
3,490,845	4,631,243	5,568,904	6,546,528	7,723,757	8,829,452
$ 3,814,951	$ 4,659,474	$ 6,091,579	$ 6,702,149	$ 7,932,067	$ 8,868,915
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
12,723,690	14,002,442	10,226,460	11,827,722	13,093,851	12,911,936
-	-	-	-	-	-
				186,340	293,910
(711,923)	(707,251)	(614,301)	(472,960)	(1,623,821)	(1,551,439)
$ 12,011,767	$ 13,295,191	$ 9,612,159	$ 11,354,762	$ 11,656,370	$ 11,654,407

City of Sachse, Texas

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2008	2009	2010	2011
Revenues				
Property taxes	$ 6,334,180	$ 7,305,974	$ 8,528,384	$ 8,600,635
Sales and other taxes	3,212,532	3,537,454	2,965,927	4,031,480
License, permits, & fees	931,515	782,354	775,583	690,092
Grants and contributions	480,554	130,534	314,184	387,770
Fines and forfeitures	470,339	342,592	302,285	315,807
Impact and development fees	198,673	72,578	86,367	52,046
Investment Income	390,571	420,591	279,896	50,297
Other revenue	109,058	130,928	89,991	28,301
Total Revenues	12,127,422	12,723,005	13,342,617	14,156,428
Expenditures				
General government	1,136,248	1,295,664	1,185,963	1,274,628
Public safety	4,859,573	4,912,048	5,143,852	5,374,003
Public works	1,207,999	1,263,757	1,360,400	1,309,120
Culture and recreation	1,569,532	4,567,958	1,078,422	1,098,286
Community development	640,446	611,220	625,773	623,017
Nondepartmental	905,125	989,802	1,025,096	1,063,452
Debt Service:				
Principal	400,468	599,591	730,000	865,000
Interest	201,334	1,202,984	1,918,372	1,891,787
Bond issuance costs	104,308	301,417	573	573
Capital outlay	3,029,163	4,118,191	18,492,611	3,187,154
Total Expenditures	14,054,196	19,862,632	31,561,062	16,687,020
Revenues Over (Under) Expenditures	(1,926,774)	(7,139,627)	(18,218,445)	(2,530,592)
Other Financing Sources (Uses)				
Transfers in	537,435	456,521	589,661	2,233,667
Transfers (out)	(170,290)	(4,729)	(175,054)	(1,369,915)
Debt issued	-	6,130,000	34,560,000	-
Premium on bonds issued	-	51,518	411,052	-
Discount on bonds issued	-	(70,219)	(415,403)	-
Payment to refunded escrow agent	-	-	(2,624,122)	-
Sale of capital assets	6,043	-	1,783	-
Total Other Financing Sources (Uses)	373,188	6,563,091	32,347,917	863,752
Net Change in Fund Balances	$ (1,553,586)	$ (576,536)	$ 14,129,472	$ (1,666,840)
Ratio of total debt services expenditures to noncapital	6%	13%	20%	20%

Note: With the adoption of GASB 63 which issued a change in accounting principles, bond issuance costs have been expensed.

2012	2013	2014	2015	2016	2017
$ 9,477,053	$ 9,568,319	$ 9,944,708	$ 10,928,163	$ 12,260,047	$ 14,034,836
1,786,926	1,873,822	2,390,224	2,790,620	3,024,925	3,094,029
967,914	1,338,304	1,830,459	1,612,769	1,743,628	1,598,993
7,414,865	941,473	183,780	710,470	974,489	321,583
368,027	430,191	556,379	458,477	291,926	252,614
54,069	569,111	910,006	1,657,973	1,022,593	883,250
35,398	30,518	30,669	33,900	50,842	117,228
30,161	80,843	280,569	51,290	271,595	92,796
20,134,413	14,832,581	16,126,794	18,243,662	19,640,045	20,395,329
1,289,341	1,260,611	1,313,993	1,601,990	1,565,175	1,425,250
5,011,291	5,470,231	5,278,726	6,274,349	7,466,728	8,293,828
1,300,324	1,470,995	1,344,008	1,781,872	1,882,251	2,626,166
1,109,565	1,140,846	1,114,822	1,269,794	1,455,952	1,564,719
518,934	588,698	569,864	673,506	831,719	828,351
1,094,219	1,112,937	437,015	493,412	564,368	669,168
945,000	1,035,000	1,125,000	1,195,000	1,325,000	2,325,000
1,862,385	1,831,270	1,799,446	1,762,998	1,672,947	1,186,303
-	-	-	177,355	372,256	-
9,342,751	1,538,289	4,141,606	2,129,457	2,445,778	2,072,876
22,473,810	15,448,877	17,124,480	17,359,733	19,582,174	20,991,661
(2,339,397)	(616,296)	(997,686)	883,929	57,871	(596,332)
1,642,521	2,739,122	1,708,777	1,289,279	1,841,302	3,948,013
(778,769)	(1,561,781)	(2,668,521)	-	(1,694,797)	(2,431,471)
-	-	-	9,470,000	21,225,000	-
-	-	-	458,338	2,204,516	-
-	-	-	-	-	-
-	-	-	(9,748,373)	(21,733,392)	-
-	-	-	-	-	14,675
863,752	1,177,341	(959,744)	1,469,244	1,842,629	1,531,217
$ (1,475,645)	$ 561,045	$ (1,957,430)	$ 2,353,173	$ 1,900,500	$ 934,885
21%	21%	23%	21%	20%	19%

City of
Sachse

City of Sachse, Texas

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate
2008	$ 1,230,433,837	$ 30,098,392	$ 56,599,871	$ 1,203,932,358	$ 0.55341
2009	1,247,325,789	31,837,705	65,308,411	1,213,855,083	0.61000
2010	1,269,254,588	28,781,053	104,232,665	1,193,802,976	0.70582
2011	1,296,895,777	29,326,411	92,056,890	1,234,165,298	0.70582
2012	1,305,838,280	29,242,328	96,519,435	1,238,561,173	0.77082
2013	1,320,191,067	30,495,096	101,886,747	1,248,799,416	0.77082
2014	1,373,728,433	31,359,625	104,461,382	1,300,626,676	0.77082
2015	1,494,745,899	37,218,335	107,372,189	1,424,592,045	0.77082
2016	1,767,124,588	49,699,237	181,214,076	1,635,609,749	0.75728
2017	2,052,733,263	50,389,046	229,837,342	1,873,284,967	0.75728

Note: Tax rates per $100 of assessed valuation.

Source: City of Sachse Budget Document.
Dallas & Collin Central Appraisal Districts.

City of Sachse, Texas

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Years

	2008	2009	2010	2011
Direct Rates:				
City of Sachse - Operating	0.48116	0.49758	0.51389	0.51389
City of Sachse - Debt Service	0.07716	0.05582	0.09611	0.19193
Total Direct Rate	0.55832	0.55340	0.61000	0.70582
Overlapping Rates:				
Garland Independent School District	1.54490	1.25330	1.25330	1.25330
Dallas County	0.55393	0.56721	0.57643	0.60221
Total Dallas County Entities	2.09883	1.82051	1.82973	1.85551
Wylie Independent School District	1.70250	1.39000	1.51000	1.59000
Collin County	0.33270	0.33198	0.32899	0.32880
Total Collin County Entities	2.03520	1.72198	1.83899	1.91880

Tax rates per $100 of assessed valuation.

Source: Dallas & Collin Central Appraisal Districts and City records.

2012	2013	2014	2015	2016	2017
0.53389	0.59889	0.56889	0.55903	0.57228	0.56200
0.17193	0.17193	0.20193	0.21179	0.18500	0.19528
0.70582	0.77082	0.77082	0.77082	0.75728	0.75728
1.25330	1.25330	1.25330	1.25330	1.35330	1.46000
0.62333	0.62377	0.64341	0.65388	0.66275	0.65470
1.87663	1.87707	1.89671	1.90718	2.01605	2.11470
1.64000	1.64000	1.64000	1.64000	1.64000	1.64000
0.32630	0.32630	0.32630	0.31696	0.30696	0.28962
1.96630	1.96630	1.96630	1.95696	1.94696	1.92962

City of
Sachse

City of Sachse, Texas

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Ten Years Ago

	2017			2007		
Tax Payer	**Taxable Assessed Value**	**Rank**	**Percentage of Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Taxable Assessed Value**
Woodbridge LP	$ 56,500,000	1	3.02%		n/a	
Woodbridge Villas, LLC	19,560,418	2	1.04%	$ 13,669,696	2	1.21%
LIPT Oak Grove LLC	17,742,380	3	0.95%		n/a	
Wal-Mart Real Estate Business Trust	12,767,557	4	0.68%		n/a	
Wal-Mart Stores Texas, LLC	8,241,675	5	0.44%		n/a	
DREH, LLC	8,794,900	6	0.47%		n/a	
Realty Income Properties 27, LLC	6,844,169	7	0.37%		n/a	
Oncor Electric Delivery	5,584,350	8	0.30%		n/a	
Megatel Homes, Inc.	3,676,510	9	0.20%		n/a	
Woodbridge Shopping Center	3,279,014	10	0.18%		n/a	
Realty Assoc Iowa Corp		n/a		19,004,430	1	1.68%
Woodbridge Prop, Inc.		n/a		7,706,025	3	0.68%
Jackson Meadows Partner		n/a		5,363,110	4	0.47%
Texas Utilities		n/a		5,064,100	5	0.45%
Verizon/GTE		n/a		4,024,600	6	0.36%
Harlan Properties		n/a		2,901,925	7	0.26%
Woodbridge Shopping Center		n/a		2,788,759	8	0.25%
TXU Electric Delivery Co.		n/a		2,409,050	9	0.21%
ME NTB Sachse LP		n/a		2,406,780	10	0.21%
Total	$ 142,990,973		7.63%	$ 65,338,475		5.77%
Total Assessed Valuation	$ 1,873,284,967		100.00%	$ 1,132,278,720		100.00%

Source: Tax Office.

Note: Property is assessed as of January 1 and certified to the City by July 25 for taxable values.

City of Sachse, Texas

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Years

	2008	2009	2010	2011
Tax levy	$ 6,266,916	$ 7,227,992	$ 8,471,702	$ 8,603,645
Current tax collected	$ 6,203,890	$ 7,217,309	$ 8,446,396	$ 8,510,978
Percent of current tax collections	98.99%	99.85%	99.70%	98.92%
Delinquent tax collections	$ 60,970	$ 2,993	$ 17,094	$ 72,492
Total tax collections	$ 6,264,860	$ 7,220,302	$ 8,463,490	$ 8,583,470
Total collections as a percentage of levy	100.0%	99.9%	99.9%	99.8%

Source: Dallas and Collin County reports.

2012	2013	2014	2015	2016	2017
$ 9,444,654	$ 9,599,026	$ 9,864,675	$ 10,773,241	$ 12,186,445	$ 13,926,966
$ 9,389,230	$ 9,443,766	$ 9,762,321	$ 10,646,371	$ 12,161,606	$ 13,838,736
99.41%	98.38%	98.96%	98.82%	99.80%	99.37%
$ 41,669	$ 119,881	$ 56,611	$ 126,870	$ 75,772	$ -
$ 9,430,899	$ 9,563,647	$ 9,818,932	$ 10,773,241	$ 12,237,378	$ 13,838,736
99.9%	99.6%	99.5%	100.0%	100.4%	99.4%

City of Sachse, Texas

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	2008	2009	2010	2011
Governmental activities:				
General Obligation Bonds	$ 6,256,483	$ 40,510,000	$ 39,935,000	$ 39,235,000
Discount	-	(54,672)	(45,147)	(35,622)
Certificates of Obligation	4,133,054	1,235,000	1,080,000	915,000
Tax Note	-	-	-	-
Business-type activities:				
General Obligation Bonds	19,885	-	-	-
Certificates of Obligation	90,524	1,375,000	1,295,000	1,210,000
Total primary government	$ 10,499,946	$ 43,065,328	$ 42,264,853	$ 41,324,378
Percentage of personal income (1)	2.28%	9.00%	8.14%	7.87%
Per capita (1)	577	2,223	2,015	1,950

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Personal income and population data is disclosed on page 119.

2012	2013	2014	2015	2016	2017
$ 38,455,000	$ 37,595,000	$ 36,575,000	$ 36,915,000	$ 35,665,000	$ 33,500,000
(26,097)	(16,572)	(15,463)	(14,354)	(4,829)	(3,720)
750,000	575,000	470,000	-	-	-
-	-	-	-	1,200,000	1,040,000
-	-	-	-	620,000	620,000
1,120,000	1,030,000	935,000	835,000	110,000	12,670,000
$ 40,298,903	$ 39,183,428	$ 37,964,537	$ 37,735,646	$ 37,590,171	$ 47,826,280
6.24%	6.00%	5.09%	4.50%	4.48%	5.10%
1,905	1,836	1,559	1,553	1,526	1,419

City of Sachse, Texas

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Years

	2008	2009	2010	2011
NET TAXABLE ASSESSED VALUE				
All Property	$ 1,203,932,358	$ 1,213,855,083	$ 1,193,802,976	$ 1,234,165,298
NET BONDED DEBT (1)				
Gross bonded debt	10,389,537	41,745,000	41,015,000	40,114,335
Less debt service funds	-	-	-	-
Net Bonded Debt	$ 10,389,537	$ 41,745,000	$ 41,015,000	$ 40,114,335
RATIO OF NET BONDED DEBT TO ASSESSED VALUE	0.86%	3.44%	3.44%	3.25%
POPULATION	18,050	18,750	20,329	20,570
NET BONDED DEBT PER CAPITA	576	2,226	2,018	1,950

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(1) This is the general bonded debt of both governmental and business-type activities, net the original issuance discounts and premiums.

2012	2013	2014	2015	2016	2017
$ 1,238,561,173	$ 1,248,799,416	$ 1,300,626,676	$ 1,424,592,045	$ 1,635,609,749	$ 1,873,284,967
39,171,211	38,153,428	37,029,537	36,900,646	36,860,171	34,536,820
-	-	-	-	-	-
$ 39,171,211	$ 38,153,428	$ 37,029,537	$ 36,900,646	$ 36,860,171	$ 34,536,820
3.16%	3.06%	2.85%	2.59%	2.25%	1.84%
20,570	20,780	23,756	23,756	24,554	24,777
1,904	1,836	1,559	1,553	1,501	1,394

City of Sachse, Texas

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2017

Governmental Unit	Gross Bonded Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Wylie I.S.D.	$ 283,132,271	12.43%	$ 35,193,341
Garland I.S.D.	564,701,425	6.17%	34,842,078
Collin County	352,380,000	0.64%	2,255,232
Dallas County	199,545,000	0.49%	977,771
Dallas County Hospital District	703,770,000	0.49%	3,448,473
Dallas County Schools	40,330,000	0.49%	197,617
Collin County Community College District	14,590,000	0.64%	93,376
Dallas County Community College District	263,140,000	0.49%	1,289,386
Subtotal, overlapping debt			$ 78,297,274
City direct debt			$ 34,536,280
Total direct and overlapping debt			$ 112,833,554

Source: Taxing Entities and City, Dallas Central Appraisal District, and Collin County Appraisal District.

City of Sachse, Texas

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Year	Estimated Population [1]	Personal Income	Per Capita Personal Income [2]	School Enrollment [3]		Unemployment Rate [4]	
				Garland ISD	Wylie ISD	Dallas County	Collin County
2008	18,050	$ 460,816,500	$ 25,530	56,600	11,402	5.4%	4.6%
2009	18,750	478,687,500	25,530	57,000	11,402	8.7%	7.8%
2010	20,329	518,999,370	25,530	57,861	11,349	8.7%	7.3%
2011	20,570	525,152,100	25,530	57,833	12,548	8.4%	7.1%
2012	20,570	646,206,550	31,415	58,151	12,939	6.7%	5.7%
2013	20,780	652,803,700	31,415	58,059	13,305	6.9%	6.4%
2014	23,756	746,294,740	31,415	57,704	13,902	6.9%	6.4%
2015	23,756	837,779,096	35,266	57,436	14,557	4.1%	3.5%
2016	24,554	839,648,584	34,196	58,059	14,280	4.1%	3.7%
2017	24,777	937,214,802	37,826	58,059	15,138	3.4%	3.3%

Sources:

1 Estimated population provided by the City of Sachse.

2 Per Capita Income provided by North Central Texas Council of Governments.

3 Garland and Wylie Independent School Districts

4 Unemployment information provided by the Texas Workforce Commission.

City of Sachse, Texas

PRINCIPAL EMPLOYERS

Current Fiscal Year and Ten Years Ago

	2017			2007		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Garland ISD	442	1	3.16%	140	1	2.80%
Wal-Mart Supercenter	312	2	2.23%		n/a	
Kroger	200	3	1.43%	70	4	1.40%
City of Sachse	157	4	1.12%	125	2	2.50%
Wylie ISD	135	5	0.96%	75	3	1.50%
Whataburger	62	6	0.44%		n/a	
McDonald's	56	7	0.40%		n/a	
Oxford Glen Memory Care	52	8	0.37%		n/a	
Sachse Vet Hospital	25	9	0.18%		n/a	
LA Fitness	23	10	0.16%		n/a	
First Bank		n/a		20	5	0.40%
Metro Store		n/a		20	6	0.40%
Marshall Cabinets		n/a		15	7	0.30%
TPC Electric		n/a		15	8	0.30%
Sachse Veterinary Clinic		n/a		12	9	0.24%
La Plaza Del Pueblo		n/a		10	10	0.20%
Total	1,464		10.46%	502		10.04%
Total City Employment	14,000			5,000		

Source: Top ten employers and employee count provided by Sachse Economic Development Corporation.

City of Sachse, Texas

FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM a

LAST TEN FISCAL YEARS

Function / Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government and administration	18	12	12	12	11	11	11	11	11	11
Public safety	71	67	66	69	79	79	80	85	82	88
Public works	12	12	12	12	11	11	11	10	10	11
Culture and recreation	14	14	14	15	16	16	16	15	15	16
Water and sewer	7	20	20	20	20	20	20	21	21	21
Community development	13	12	12	12	11	11	11	11	12	11
Economic development	1	1	1	1	1	1	1	1.5	1.5	1.5
Total	136	138	137	141	149	149	150	154	152	160

Sources: Various City departments.

[a] FTE employees reported beginning 2010. All prior years represent positions.

CITY OF SACHSE, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011	2012
Public Safety					
Police					
Number of Employees	43	43	50	48	48
Number of Violations (Citations)	5,666	2,844	2,068	2,160	2,568
Fire					
Number of Employees [a]	24	24	36	44	44
Number of Volunteers	4	0	0	0	0
Number of Fire runs	491	741	333	340	197
Number of EMS runs	572	424	683	732	811
Public Works					
Streets (miles)	122	122	122	125	125
Building Permits Issued	176	135	138	89	135
Cultural and Recreational					
Parks and Recreation					
Park maintain & operate per acre	93	110	114	114	139
Participants in Parks Programs [b]	3,570	3,952	4,446	4,660	5,010
Participants in Senior Program	12,815	13,027	15,142	15,392	15,700
Library					
Volumes in Collection	35,879	31,757	36,484	38,161	38,761
Water and Sewer					
Number of Water Connections	6,651	6,804	6,949	7,121	7,285
Number of Sewer Connections	6,252	6,427	6,590	6,743	6,874
Average Daily Water Consumption [c]	2.545	2.484	2.560	3,146	2,464
Maximum Storage Capacity [c]	4.9	6.9	6.9	6.9	6.9

Source: City Departments

Notes: N/A - Data not Available.

[a] Fire Department Administration and EMS Staff.

[b] Volunteers include Fire Chief prior to 2000.

[c] Parks Programs organized in 2004.

[d] Millions of gallons.

2013	2014	2015	2016	2017
44	50	50	52	51
1,260	2,246	3,846	1,879	2,155
34	34	35	35	36
0	0	0	0	0
456	272	394	600	705
766	802	909	1,187	1,359
130	135	135	135	137
135	246	275	289	291
149	149	152	152	156
5,109	5,186	5,480	9,600	9,750
18,455	19,500	20,445	23,455	26,600
40,169	43,935	41,203	41,470	41,948
7,239	7,370	7,950	8,239	8,472
6,999	7,113	7,468	7,384	7,972
2,509	2.776	2.412	2.573	2,386
6.9	6.9	6.9	6.9	6.9

CITY OF SACHSE, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011	2012	2013
Public Safety						
Police Stations	1	1	1	1	1	1
Police Patrol Units	17	17	17	22	25	25
Fire Stations	2	2	2	2	2	2
Police Motorcycle Units	2	2	2	2	2	2
Public Works						
Streets-Paved (miles)	122	122	122	125	125	130
Cultural and Recreational						
Parks (acres)	93	110	114	114	139	149
Playgrounds[a]	4	5	5	5	5	5
Library	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1
Water and Sewer						
Fire Hydrants	721	753	753	770	786	865
Ground Storage Facilities	2	2	2	2	2	2
Elevated Storage Facilities	2	2	2	2	2	2
Lift Stations	4	4	4	4	4	4

Source: Various City Departments

Notes: [a] Does not include HOA playgrounds.

2014	2015	2016	2017
1	1	1	1
25	27	27	27
2	2	2	2
2	2	2	2
135	135	135	137
154	155	155	200
5	6	6	6
1	1	1	1
1	1	1	1
933	970	935	970
4	4	4	4
2	2	2	2
4	4	4	4

City of
Sachse